

Permanent Funds		Debt Service Funds			Capital Project Funds	
Cemetery Endowment	Library Endowment	Alma Building Authority	Heather/ Warwick GO Bond	Heather/ Warwick SA Bond	Park Construction Project	CBD One-Way Streets Conversion
\$ 55,945	\$ 2	\$ 10,623	\$ 1,698	\$ 13,114	\$ 3,572	\$ -
347,603	320,012	-	10,549	81,481	22,193	-
-	-	-	3,598	-	-	-
6,572	5,206	-	193	1,490	-	-
-	-	-	-	126,217	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 410,120</u>	<u>\$ 325,220</u>	<u>\$ 10,623</u>	<u>\$ 16,038</u>	<u>\$ 222,302</u>	<u>\$ 25,765</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 467	\$ -
-	-	-	-	-	-	-
-	-	-	3,598	126,217	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>3,598</u>	<u>126,217</u>	<u>467</u>	<u>-</u>
410,120	325,220	10,623	12,440	96,085	-	-
-	-	-	-	-	25,298	-
<u>410,120</u>	<u>325,220</u>	<u>10,623</u>	<u>12,440</u>	<u>96,085</u>	<u>25,298</u>	<u>-</u>
<u>\$ 410,120</u>	<u>\$ 325,220</u>	<u>\$ 10,623</u>	<u>\$ 16,038</u>	<u>\$ 222,302</u>	<u>\$ 25,765</u>	<u>\$ -</u>

City of Alma, Michigan  
**Combining Balance Sheet**  
Nonmajor Governmental Funds  
June 30, 2006

	Capital Project Funds			Totals
	Pine Avenue Extended	Adams Street Extended	Neighborhood Street Millage	30-Jun-06
<b>ASSETS</b>				
Cash and cash equivalents	\$ 30	\$ -	\$ 362	\$ 176,970
Investments	189	-	2,250	1,353,560
Taxes receivable	-	-	11,414	16,448
Receivables, net	39,405	-	-	62,778
Special assessments receivable	3,912	-	-	130,129
Due from other funds	28,216	-	83,475	111,691
Due from other units	-	-	-	121,534
Property held for resale	-	-	-	127,072
Prepaid items	-	-	-	97
Total assets	<u>\$ 71,752</u>	<u>\$ -</u>	<u>\$ 97,501</u>	<u>\$ 2,100,279</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Current payables	\$ 2,840	\$ -	\$ 69,086	\$ 105,048
Due to other funds	65,000	-	17,000	214,455
Deferred revenue	3,912	-	11,415	146,756
Total liabilities	<u>71,752</u>	<u>-</u>	<u>97,501</u>	<u>466,259</u>
Fund balances:				
Reserved	-	-	-	1,314,642
Unreserved	-	-	-	319,378
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,634,020</u>
Total liabilities and fund balances	<u>\$ 71,752</u>	<u>\$ -</u>	<u>\$ 97,501</u>	<u>\$ 2,100,279</u>

City of Alma, Michigan  
Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2006

	Special Revenue Funds			
	Local Streets	Housing Improvement	Public Safety Benefit Fund	Law Enforcement
<b>REVENUES</b>				
Taxes	\$ 103	\$ -	\$ -	\$ -
Intergovernmental revenue	165,326	92,541	-	-
Charges for services	1,802	-	-	-
Fines and forfeits	-	-	-	-
Investment income	6,565	1,196	18,422	4
Other revenue	-	14,094	-	-
Total revenues	<u>173,796</u>	<u>107,831</u>	<u>18,422</u>	<u>4</u>
<b>EXPENDITURES</b>				
Current:				
Community development	-	129,281	-	-
Community safety	-	-	-	1,360
Transportation	269,867	-	-	-
Recreation and Culture	-	-	-	-
Capital	100,350	-	-	-
Debt Service	-	-	-	-
Total expenditures	<u>370,217</u>	<u>129,281</u>	<u>-</u>	<u>1,360</u>
Excess revenues over (under) expenditures	<u>(196,421)</u>	<u>(21,450)</u>	<u>18,422</u>	<u>(1,356)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from	80,000	-	-	-
Transfers to	-	-	-	-
Total other financing	<u>80,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(116,421)	(21,450)	18,422	(1,356)
Beginning fund balance	351,182	80,866	441,528	1,463
Ending fund balance	<u>\$ 234,761</u>	<u>\$ 59,416</u>	<u>\$ 459,950</u>	<u>\$ 107</u>

Permanent Funds		Debt Service Funds			Capital Project Funds	
Cemetery Endowment	Library Endowment	Alma Building Authority	Heather/ Warwick GO Bond	Heather/ Warwick SA Bond	Park Construction Project	CBD One-Way Streets Conversion
\$ -	\$ -	\$ -	\$ 103	\$ -	\$ -	\$ -
960	-	-	-	112,704	-	-
17,118	13,431	17	251	17,976	1	-
-	500	-	-	-	-	-
<u>18,078</u>	<u>13,931</u>	<u>17</u>	<u>354</u>	<u>130,680</u>	<u>1</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	10,400	-	-	-	-	-
-	-	-	-	-	54,970	248,645
-	-	-	86,618	90,750	-	-
<u>-</u>	<u>10,400</u>	<u>-</u>	<u>86,618</u>	<u>90,750</u>	<u>54,970</u>	<u>248,645</u>
<u>18,078</u>	<u>3,531</u>	<u>17</u>	<u>(86,264)</u>	<u>39,930</u>	<u>(54,969)</u>	<u>(248,645)</u>
-	-	-	87,200	-	80,000	13,927
(13,600)	-	-	-	-	-	-
<u>(13,600)</u>	<u>-</u>	<u>-</u>	<u>87,200</u>	<u>-</u>	<u>80,000</u>	<u>13,927</u>
4,478	3,531	17	936	39,930	25,031	(234,718)
405,642	321,689	10,606	11,504	56,155	267	234,718
<u>\$ 410,120</u>	<u>\$ 325,220</u>	<u>\$ 10,623</u>	<u>\$ 12,440</u>	<u>\$ 96,085</u>	<u>\$ 25,298</u>	<u>\$ -</u>

City of Alma, Michigan  
Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2006

	Capital Project Funds			Totals
	Pine Avenue Extended	Adams Street Extended	Neighborhood Street Millage	30-Jun-06
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ 363,542	\$ 363,748
Intergovernmental revenue	375,000	13,829	-	646,696
Charges for services	63,020	-	-	178,486
Fines and forfeits	-	-	-	-
Investment income	815	145	1,088	77,029
Other revenue	-	-	-	14,594
Total revenues	<u>438,835</u>	<u>13,974</u>	<u>364,630</u>	<u>1,280,553</u>
<b>EXPENDITURES</b>				
Current:				
Community development	-	-	-	129,281
Community safety	-	-	-	1,360
Transportation	-	-	5,720	275,587
Recreation and Culture	-	-	-	10,400
Capital	669,164	18,767	418,095	1,509,991
Debt Service	-	-	-	177,368
Total expenditures	<u>669,164</u>	<u>18,767</u>	<u>423,815</u>	<u>2,103,987</u>
Excess revenues over (under) expenditures	<u>(230,329)</u>	<u>(4,793)</u>	<u>(59,185)</u>	<u>(823,434)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from	163,916	-	5,964	431,007
Transfers to	-	-	-	(13,600)
Total other financing	<u>163,916</u>	<u>-</u>	<u>5,964</u>	<u>417,407</u>
Net change in fund balances	(66,413)	(4,793)	(53,221)	(406,027)
Beginning fund balance	66,413	4,793	53,221	2,040,047
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,634,020</u>

City of Alma, Michigan  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Local Streets Fund  
For the Year Ended June 30, 2006, with Comparative Totals for June 30, 2005

	June 30, 2006				Year Ended June-05 Actual
	Budgeted Amounts		Actual	Budget Variance	
	Original	Final			
REVENUES					
Taxes	\$ -	\$ -	\$ 103	\$ 103	\$ 17
Intergovernmental revenue	174,000	174,000	165,326	(8,674)	167,366
Charges for services	800	800	1,802	1,002	82
Investment income	7,647	7,647	6,565	(1,082)	7,387
Total revenues	<u>182,447</u>	<u>182,447</u>	<u>173,796</u>	<u>(8,651)</u>	<u>174,852</u>
EXPENDITURES					
Engineering	-	-	2,150	2,150	1,850
Construction	-	95,745	98,200	2,455	-
Road and street maintenance	198,560	198,560	179,620	(18,940)	210,312
Storm sewer maintenance	-	-	35,791	35,791	-
Grass and weed control	6,200	6,200	3,436	(2,764)	5,249
Traffic services	17,350	17,350	7,419	(9,931)	12,527
Winter maintenance	23,305	23,305	23,621	316	25,872
Administration	14,871	14,871	19,980	19,980	16,085
Total expenditures	<u>260,286</u>	<u>356,031</u>	<u>370,217</u>	<u>29,057</u>	<u>271,895</u>
Excess (deficiency) revenues over expenditures	<u>(77,839)</u>	<u>(173,584)</u>	<u>(196,421)</u>	<u>(37,708)</u>	<u>(97,043)</u>
OTHER FINANCING SOURCES (USES)					
Transfers from	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>	<u>-</u>	<u>125,000</u>
Net change in fund balance	2,161	(93,584)	(116,421)	(22,837)	27,957
Beginning fund balance	351,182	351,182	351,182	-	323,225
Ending fund balance	<u>\$ 353,343</u>	<u>\$ 257,598</u>	<u>\$ 234,761</u>	<u>\$ (22,837)</u>	<u>\$ 351,182</u>

City of Alma, Michigan  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Housing Improvement Fund  
For the Year Ended June 30, 2006, with Comparative Totals for June 30, 2005

	June 30, 2006				Year Ended June-05 Actual
	Budgeted Amounts			Budget Variance	
	Original	Final	Actual		
REVENUES					
Intergovernmental revenue	\$ 541,400	\$ 541,400	\$ 92,541	\$ (448,859)	\$ 41,275
Investment income	-	-	1,196	1,196	185
Other revenue	10,000	10,000	14,094	14,094	7,089
Total revenues	551,400	551,400	107,831	(443,569)	48,549
EXPENDITURES					
MSHDA ADR program	565,769	565,769	1,846	(563,923)	144
Homeowner rehabilitation program	22,777	22,777	37,271	14,494	20,229
MSHDA rental rehabilitation program	-	-	90,164	90,164	-
Total expenditures	588,546	588,546	129,281	(459,265)	20,373
Net change in fund balances	(37,146)	(37,146)	(21,450)	15,696	28,176
Beginning fund balance	80,866	80,866	80,866	-	52,690
Ending fund balance	\$ 43,720	\$ 43,720	\$ 59,416	\$ 15,696	\$ 80,866

City of Alma, Michigan  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
Public Safety Employees Special Benefit Fund  
For the Year Ended June 30, 2006, with Comparative Totals for June 30, 2005

	June 30, 2006				Year Ended June-05 Actual
	Budgeted Amounts		Actual	Budget Variance	
	Original	Final			
<b>REVENUES</b>					
Investment income	\$ -	\$ -	\$ 18,422	\$ 18,422	\$ 10,553
Other revenue	-	-	-	-	20
Total revenues	-	-	18,422	18,422	10,573
<b>EXPENDITURES</b>					
Benefits to employees	-	-	-	-	-
Total expenditures	-	-	-	-	-
Net change in fund balance	-	-	18,422	18,422	10,573
Beginning fund balance	441,528	441,528	441,528	-	430,955
Ending fund balance	\$ 441,528	\$ 441,528	\$ 459,950	\$ 18,422	\$ 441,528



City of Alma, Michigan  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Law Enforcement Fund  
For the Year Ended June 30, 2006, with Comparative Totals for June 30, 2005

	June 30, 2006				Year Ended June-05 Actual
	Budgeted Amounts			Budget Variance	
	Original	Final	Actual		Actual
REVENUES					
Fines and forfeits	\$ -	\$ -	\$ -	\$ -	\$ 2,838
Investment income	-	-	4	4	15
Total revenues	-	-	4	4	2,853
EXPENDITURES					
Drug enforcement	-	1,365	1,360	(5)	1,992
Total expenditures	-	1,365	1,360	(5)	1,992
Net change in fund balance	-	(1,365)	(1,356)	9	861
Beginning fund balance	1,463	1,463	1,463	-	602
Ending fund balance	\$ 1,463	\$ 98	\$ 107	\$ 9	\$ 1,463

City of Alma, Michigan  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Alma Building Authority Bond Fund  
For the Year Ended June 30, 2006, with Comparative Totals for June 30, 2005

	June 30, 2006				Year Ended June-05 Actual
	Budgeted Amounts			Budget Variance	
	Original	Final	Actual		
REVENUES					
Investment income	\$ -	\$ -	\$ 17	\$ 17	\$ 10
Total revenues	-	-	17	17	10
Net change in fund balance	-	-	17	17	10
Beginning fund balance	10,606	10,606	10,606	-	10,596
Ending fund balance	\$ 10,606	\$ 10,606	\$ 10,623	\$ 17	\$ 10,606

City of Alma, Michigan  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Warwick/Heather General Obligation Bonds  
For the Year Ended June 30, 2006, with Comparative Totals for June 30, 2005

	June 30, 2006				Year Ended June-05 Actual
	Budgeted Amounts			Budget Variance	
	Original	Final	Actual		
REVENUES					
Taxes	\$ -	\$ -	\$ 103	103	\$ 2
Investment income	318	318	251	(67)	157
Total revenues	318	318	354	36	159
EXPENDITURES					
Principal retirement	70,000	70,000	70,000	-	65,000
Interest expense	17,200	17,200	16,618	(582)	19,606
Total expenditures	87,200	87,200	86,618	(582)	84,606
Excess (deficiency) revenues over expenditures	(86,882)	(86,882)	(86,264)	618	(84,447)
OTHER FINANCING SOURCES (USES)					
Transfers from	87,200	87,200	87,200	-	95,176
Net change in fund balance	318	318	936	618	10,729
Beginning fund balance	11,504	11,504	11,504	-	775
Ending fund balance	\$ 11,822	\$ 11,822	\$ 12,440	\$ 618	\$ 11,504

City of Alma, Michigan  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Heather/Warwick Special Assessment Bonds  
For the Year Ended June 30, 2006, with Comparative Totals for June 30, 2005

	June 30, 2006				Year Ended June-05 Actual
	Budgeted Amounts		Actual	Budget Variance	
	Original	Final			
REVENUES					
Charges for services	\$ 55,957	\$ 55,957	\$ 112,704	\$ 56,747	\$ 86,506
Investment income	15,746	15,746	17,976	2,230	21,142
Total revenues	<u>71,703</u>	<u>71,703</u>	<u>130,680</u>	<u>58,977</u>	<u>107,648</u>
EXPENDITURES					
Principal	75,000	75,000	75,000	-	75,000
Interest expense	15,750	15,750	15,750	-	19,500
Total expenditures	<u>90,750</u>	<u>90,750</u>	<u>90,750</u>	<u>-</u>	<u>94,500</u>
Net change in fund balance	(19,047)	(19,047)	39,930	58,977	13,148
Beginning fund balance	56,155	56,155	56,155	-	43,007
Ending fund balance	<u>\$ 37,108</u>	<u>\$ 37,108</u>	<u>\$ 96,085</u>	<u>\$ 58,977</u>	<u>\$ 56,155</u>

## ENTERPRISE FUNDS

Enterprise Funds are used for operations that are financed and operated in a manner similar to private business enterprise where the intent of the City Commission is for the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the City Commission has decided that periodic determination of net income is appropriate for accountability purposes.

### STATE STREET PLAZA FUND

The City owns rental property at the 200 block between State and Prospect Streets. The Plaza houses an intermodal transportation center for the Dial-A-Ride service and intercity bus service. The City purchased the plaza with assistance from the Michigan Department of Transportation. Under the terms of the original grant agreement, the plaza operations are maintained in a separate fund.

### ALMA TRANSIT FUND

The City runs a Dial-A-Ride service and an intercity bus depot. The Transit Services Fund is supported by user fees, a voted millage, state grants and federal grants.

### WASTEWATER UTILITY FUND

The Wastewater utility provides sewage collection and treatment systems to treat and dispose of all wastewater. The Wastewater Utility Fund is supported by user fees.

### WATER UTILITY FUND

The Water Utility Fund provides potable water for domestic, commercial and fire protection uses. The fund is supported through user fees and rent.

### SOLID WASTE DISPOSAL FUND

The Solid Waste Disposal Fund provides weekly collection and disposal of household refuse, recyclables and yard waste. The fund is supported through user fees.

City of Alma, Michigan  
Schedule of Revenues, Expenses and Changes in Net Assets  
Budget and Actual  
State Street Plaza  
For the Year Ended June 30, 2006, with Comparative Totals for June 30, 2005

	June 30, 2006				Year Ended June-05 Actual
	Budgeted Amounts			Budget Variance	
	Original	Final	Actual		
OPERATING REVENUES					
Charges for services	\$ 45,000	\$ 45,000	\$ 43,859	\$ (1,141)	\$ 39,542
Total operating revenues	45,000	45,000	43,859	(1,141)	39,542
OPERATING EXPENSES					
Buildings and grounds maintenance	32,970	32,970	21,950	(11,020)	23,256
Administration	3,279	3,279	3,241	(38)	3,487
Depreciation	30,000	30,000	26,461	26,461	26,519
Total operating expenses	66,249	66,249	51,652	15,403	53,262
Operating income (loss)	(21,249)	(21,249)	(7,793)	(16,544)	(13,720)
NONOPERATING REVENUES (EXPENSES)					
Investment income	18,600	18,600	25,862	7,262	14,160
Total nonoperating revenue (expenses)	18,600	18,600	25,862	7,262	14,160
Change in net assets	(2,649)	(2,649)	18,069	20,718	440
Beginning net assets	991,511	991,511	991,511	-	991,071
Ending net assets	\$ 988,862	\$ 988,862	\$ 1,009,580	\$ 20,718	\$ 991,511

City of Alma, Michigan  
Schedule of Revenues, Expenses and Changes in Net Assets  
Budget and Actual  
Transit Services Fund  
For the Year Ended June 30, 2006, with Comparative Totals for June 30, 2005

	June 30, 2006				Year Ended June-05 Actual
	Budgeted Amounts		Actual	Budget Variance	
	Original	Final			
<b>OPERATING REVENUES</b>					
Charges for services	\$ 76,957	\$ 76,957	\$ 79,640	\$ 2,683	\$ 64,676
Total operating revenues	76,957	76,957	79,640	2,683	64,676
<b>OPERATING EXPENSES</b>					
Operations	280,032	345,032	347,754	2,722	369,940
Building and vehicle maintenance	56,727	56,727	49,823	(6,904)	49,401
Administration	109,772	109,772	113,704	3,932	123,402
Depreciation	70,000	70,000	82,037	12,037	73,264
Total operating expenses	516,531	581,531	593,318	11,787	616,007
Operating income (loss)	(439,574)	(504,574)	(513,678)	(9,104)	(551,331)
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Taxes	138,836	138,836	139,970	1,134	138,634
Intergovernmental revenue	264,331	264,331	263,561	(770)	439,058
Investment income	28,311	28,311	39,148	10,837	22,185
Other revenue	10,400	10,400	2,500	(7,900)	5,167
Total nonoperating revenues (expenses)	441,878	441,878	445,179	3,301	605,044
Income (loss) before contributions	2,304	(62,696)	(68,499)	(5,803)	53,713
Capital grants	157,000	2,128,000	125,521	(2,002,479)	-
Change in net assets	159,304	2,065,304	57,022	(2,008,282)	53,713
Beginning net assets	1,425,007	1,425,007	1,425,007	-	1,371,294
Ending net assets	\$ 1,584,311	\$ 3,490,311	\$ 1,482,029	\$ (2,008,282)	\$ 1,425,007

City of Alma, Michigan  
Schedule of Revenues, Expenses and Changes in Net Assets  
Budget and Actual  
Wastewater Utility Fund  
For the Year Ended June 30, 2006, with Comparative Totals for June 30, 2005

	June 30, 2006				Year Ended June-05 Actual
	Budgeted Amounts			Budget Variance	
	Original	Final	Actual		
OPERATING REVENUES					
Licenses and permits	\$ 250	\$ 250	\$ 125	\$ (125)	\$ 125
Charges for services	667,600	667,600	930,289	262,689	685,843
Total operating revenues	667,850	667,850	930,414	262,564	685,968
OPERATING EXPENSES					
Plant operations and maintenance	222,225	222,225	263,841	41,616	223,748
Purification	156,977	156,977	207,781	50,804	169,851
Industrial pre-treatment	9,382	9,382	5,490	(3,892)	5,571
Maintenance of city collection system	170,048	170,048	122,871	(47,177)	145,367
Maintenance of township collection system	32,153	32,153	20,566	(11,587)	17,633
Administration	126,168	126,168	138,623	12,455	129,545
Customer accounting	27,037	27,037	36,820	9,783	21,569
Depreciation	138,000	138,000	93,887	(44,113)	144,478
Total operating expenses	881,990	881,990	889,879	7,889	857,762
Operating income (loss)	(214,140)	(214,140)	40,535	254,675	(171,794)
NONOPERATING REVENUES (EXPENSES)					
Investment income	23,210	23,210	40,549	17,339	37,755
Interest expense and fiscal charges	-	-	(80,334)	(80,334)	(6,668)
Total nonoperating revenue (expenses)	23,210	23,210	(39,785)	(62,995)	31,087
Change in net assets	(190,930)	(190,930)	750	191,680	(140,707)
Beginning net assets	2,696,386	2,696,386	2,696,386	-	2,837,093
Ending net assets	\$ 2,505,456	\$ 2,505,456	\$ 2,697,136	\$ 191,680	\$ 2,696,386



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City of Alma, Michigan  
Schedule of Revenues, Expenses and Changes in Net Assets  
Budget and Actual  
Water Utility Fund  
For the Year Ended June 30, 2006, with Comparative Totals for June 30, 2005

	June 30, 2006				Year Ended June-05 Actual
	Budgeted Amounts			Budget Variance	
	Original	Final	Actual		
OPERATING REVENUES					
Charges for services	\$ 1,003,500	\$ 1,003,500	\$ 1,169,376	\$ 165,876	\$ 979,695
Fines and forfeits	40,000	40,000	42,559	2,559	37,581
Other revenue	30,000	30,000	1,823	(28,177)	16,834
Total operating revenues	<u>1,073,500</u>	<u>1,073,500</u>	<u>1,213,758</u>	<u>140,258</u>	<u>1,034,110</u>
OPERATING EXPENSES					
Plant operations and maintenance	160,540	160,540	143,104	(17,436)	137,860
Purification	186,679	186,679	230,663	43,984	220,559
Maintenance of mains	304,663	304,663	248,346	(56,317)	227,799
Administration	140,399	140,399	160,461	20,062	145,014
Customer accounting	26,578	26,578	40,954	14,376	19,695
Depreciation	165,000	165,000	176,147	11,147	173,268
Total operating expenses	<u>983,859</u>	<u>983,859</u>	<u>999,675</u>	<u>15,816</u>	<u>924,195</u>
Operating income (loss)	<u>89,641</u>	<u>89,641</u>	<u>214,083</u>	<u>124,442</u>	<u>109,915</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income	5,000	5,000	56,465	51,465	5,308
Interest expense and fiscal charges	(20,145)	(20,145)	(67,150)	(47,005)	(18,423)
Total nonoperating revenue (expenses)	<u>(15,145)</u>	<u>(15,145)</u>	<u>(10,685)</u>	<u>4,460</u>	<u>(13,115)</u>
Change in net assets	74,496	74,496	203,398	128,902	96,800
Beginning net assets	3,074,250	3,074,250	3,074,250	-	2,977,450
Ending net assets	<u>\$ 3,148,746</u>	<u>\$ 3,148,746</u>	<u>\$ 3,277,648</u>	<u>\$ 128,902</u>	<u>\$ 3,074,250</u>

City of Alma, Michigan  
Schedule of Revenues, Expenses and Changes in Net Assets  
Budget and Actual  
Solid Waste Disposal Fund  
For the Year Ended June 30, 2006, with Comparative Totals for June 30, 2005

	June 30, 2006				Year Ended June-05 Actual
	Budgeted Amounts			Budget Variance	
	Original	Final	Actual		
OPERATING REVENUES					
Charges for services	\$ 471,370	\$ 471,370	\$ 469,948	\$ (1,422)	\$ 464,606
Total operating revenues	471,370	471,370	469,948	(1,422)	464,606
OPERATING EXPENSES					
Refuse collection and disposal	177,440	177,440	186,699	9,259	179,000
Recycling	71,126	71,126	52,276	(18,850)	55,488
Yard waste and compost site	174,015	174,015	228,943		180,275
Administration	13,428	13,428	25,455	12,027	21,356
Customer accounting	10,229	10,229	26,192	15,963	4,900
Depreciation	700	700	658	(42)	659
Total operating expenses	446,938	446,938	520,223	18,357	441,678
Operating income (loss)	24,432	24,432	(50,275)	(19,779)	22,928
NONOPERATING REVENUES (EXPENSES)					
Investment income	6,000	6,000	12,691	6,691	8,189
Total nonoperating revenue (expenses)	6,000	6,000	12,691	6,691	8,189
Change in net assets	30,432	30,432	(37,584)	(68,016)	31,117
Beginning net assets	425,628	425,628	425,628	-	394,511
Ending net assets	\$ 456,060	\$ 456,060	\$ 388,044	\$ (68,016)	\$ 425,628

## INTERNAL SERVICE FUNDS

The financing of selected goods and services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis are recorded in Internal Service Funds.

### ADMINISTRATIVE SERVICES FUND

General and administrative charges such as insurance, data processing, accounting and engineering are recorded in the Administrative Services Fund. The other funds are charged for their share of the administrative services.

### BUILDING AND GROUNDS MAINTENANCE FUND

All costs related to the building and grounds maintenance are accounted for in the Building and Grounds Maintenance Fund. Other funds are charged based on the number of hours of maintenance used.

### EQUIPMENT POOL AND CENTRAL GARAGE FUND

The equipment pool and central garage owns most of the vehicles and similar equipment. The fund charges rent to the other departments for use of the equipment. The fund also provides maintenance of equipment for non-participating funds in return for a charge for service. The municipal services department also operates through this fund. Other funds are charged at an hourly rate for maintenance services provided.

City of Alma, Michigan  
**Combining Statement of Net Assets**  
Internal Service Funds  
June 30, 2006 with Comparative Totals for June 30, 2005

	Administrative Services	Buildings and Grounds Maintenance	Equipment Pool and Central Garage	Totals	
				30-Jun-06	30-Jun-05
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 35,383	\$ 4,579	\$ 134,631	\$ 174,593	\$ 112,452
Investments	206,672	28,451	835,883	1,071,006	994,303
Receivables, net	15,806	710	16,867	33,383	27,556
Due from other funds	500	-	1,560	2,060	-
Due from other units	10,180	-	-	10,180	13,349
Inventory	-	-	28,312	28,312	35,833
Prepaid items	49,446	5,319	10,569	65,334	81,447
Total current assets	<u>317,987</u>	<u>39,059</u>	<u>1,027,822</u>	<u>1,384,868</u>	<u>1,264,940</u>
Noncurrent assets:					
Land and land improvements	-	-	18,894	18,894	18,894
Buildings and improvements	-	306,748	464,915	771,663	771,663
Vehicles and equipment	606,437	19,142	2,565,026	3,190,605	3,043,600
Less accumulated depreciation	(542,030)	(192,627)	(2,044,849)	(2,779,506)	(2,648,080)
Total noncurrent assets	<u>64,407</u>	<u>133,263</u>	<u>1,003,986</u>	<u>1,201,656</u>	<u>1,186,077</u>
Total assets	<u>382,394</u>	<u>172,322</u>	<u>2,031,808</u>	<u>2,586,524</u>	<u>2,451,017</u>
<b>LIABILITIES</b>					
Current liabilities:					
Current payables and accrued expenses	32,524	9,393	30,358	72,275	40,051
Due to other funds	-	-	400	400	-
Portion of long term liabilities due within one year	16,410	12,478	12,768	41,656	49,279
Total current liabilities	<u>48,934</u>	<u>21,871</u>	<u>43,526</u>	<u>114,331</u>	<u>89,330</u>
Noncurrent liabilities:					
Compensated absences	34,570	4,568	10,021	49,159	52,464
Total liabilities	<u>83,504</u>	<u>26,439</u>	<u>53,547</u>	<u>163,490</u>	<u>141,794</u>
<b>NET ASSETS</b>					
Invested in capital assets	64,407	133,263	1,003,986	1,201,656	1,165,077
Unrestricted	234,483	12,620	974,275	1,221,378	1,144,146
Total net assets	<u>\$ 298,890</u>	<u>\$ 145,883</u>	<u>\$ 1,978,261</u>	<u>\$ 2,423,034</u>	<u>\$ 2,309,223</u>

City of Alma, Michigan  
Combining Statement of Revenues, Expenses and Changes in Net Assets  
Internal Service Funds  
For the Year Ended June 30, 2006, with Comparative Totals for June 30, 2005

	Administrative Services	Buildings and Grounds Maintenance	Equipment Pool and Central Garage	Totals	
				30-Jun-06	30-Jun-05
<b>OPERATING REVENUES</b>					
Internal service charges	\$ 754,581	\$ 484,519	\$ 1,070,670	\$ 2,309,770	\$ 1,772,674
Service charges	100	-	-	100	573,099
Total operating revenues	<u>754,681</u>	<u>484,519</u>	<u>1,070,670</u>	<u>2,309,870</u>	<u>2,345,773</u>
<b>OPERATING EXPENSES</b>					
Accounting services	304,775	-	-	304,775	305,520
Information systems	122,528	-	-	122,528	104,318
Engineering	212,084	-	-	212,084	153,888
Buildings/grounds maintenance services	-	504,280	-	504,280	518,987
Public works services	-	-	493,921	493,921	569,232
Equipment maintenance	-	-	299,995	299,995	345,927
Administration	25,264	-	45,772	71,036	75,934
Retiree health insurance	-	-	-	-	(199)
Depreciation	48,525	12,018	204,804	265,347	250,656
Total operating expenses	<u>713,176</u>	<u>516,298</u>	<u>1,044,492</u>	<u>2,273,966</u>	<u>2,324,263</u>
Operating income (loss)	<u>41,505</u>	<u>(31,779)</u>	<u>26,178</u>	<u>35,904</u>	<u>21,510</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income	9,153	2,491	39,139	50,783	19,659
Other revenue	-	-	27,124	27,124	21,836
Nonoperating revenues (expenses)	<u>9,153</u>	<u>2,491</u>	<u>66,263</u>	<u>77,907</u>	<u>41,495</u>
Change in net assets	50,658	(29,288)	92,441	113,811	63,005
Beginning net assets, as restated	248,232	175,171	1,885,820	2,309,223	2,246,218
Ending net assets	<u>\$ 298,890</u>	<u>\$ 145,883</u>	<u>\$ 1,978,261</u>	<u>\$ 2,423,034</u>	<u>\$ 2,309,223</u>

City of Alma, Michigan  
Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2006

	Administrative Services	Buildings and Grounds Maintenance	Equipment Pool and Central Garage	Totals	
				30-Jun-06	30-Jun-05
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 761,424	\$ 484,519	\$ 1,067,285	\$ 2,313,228	\$ 2,526,191
Payments to vendors	(99,085)	(38,109)	(177,867)	(315,061)	(339,127)
Payments to employees	(481,417)	(378,509)	(552,144)	(1,412,070)	(1,389,731)
Internal activity-payments to other funds	(54,520)	(75,642)	(95,286)	(225,448)	(121,395)
Other payments	(8,817)	(7,185)	(23,837)	(39,839)	(399,345)
Net cash provided (used) from operating	117,585	(14,926)	218,151	320,810	276,593
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Service charges from outside customers	-	-	21,021	21,021	-
Insurance proceeds	-	-	2,047	2,047	-
Net cash provided from noncapital financing activities	-	-	23,068	23,068	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisitions of capital assets	(9,175)	-	(263,861)	(273,036)	(209,100)
Proceeds from sales of capital assets	1,115	-	24,180	25,295	34,562
Net cash used for capital and related financing	(8,060)	-	(239,681)	(247,741)	(174,538)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest and dividends	7,043	1,781	33,883	42,707	9,264
Purchase of investments	(93,935)	13,032	4,200	(76,703)	(537,847)
Net cash provided (used) from investing	(86,892)	14,813	38,083	(33,996)	(528,583)
Net increase (decrease) in cash	22,633	(113)	39,621	62,141	(426,528)
Beginning cash balance	12,750	4,692	95,010	112,452	538,980
Ending cash balance	\$ 35,383	\$ 4,579	\$ 134,631	\$ 174,593	\$ 112,452
<b>Reconciliation of operating income to net cash provided by operating activities</b>					
Operating income	\$ 41,505	\$ (31,779)	\$ 26,178	\$ 35,904	\$ 27,760
Depreciation expense	48,525	12,018	204,804	265,347	250,656
Change in assets and liabilities:					
Decrease in receivables	6,743	-	(3,385)	3,358	(3,415)
Decrease in inventory and prepaid expense	(3,708)	3,405	(7,044)	(7,347)	(66,219)
Increase in accounts and wages payable	24,520	1,430	(2,402)	23,548	67,811
Net cash provided by operating activities	\$ 117,585	\$ (14,926)	\$ 218,151	\$ 320,810	\$ 276,593

City of Alma, Michigan  
Schedule of Revenues, Expenses and Changes in Net Assets  
Budget and Actual  
Administrative Services Fund  
For the Year Ended June 30, 2006, with Comparative Totals for June 30, 2005

	June 30, 2006				Year Ended June-05 Actual
	Budgeted Amounts			Budget Variance	
	Original	Final	Actual		
OPERATING REVENUES					
Internal service charges	\$ 788,504	\$ 788,504	\$ 754,581	\$ (33,923)	\$ 646,241
Charges for services	-	-	100	100	-
Total operating revenues	788,504	788,504	754,681	(33,823)	646,241
OPERATING EXPENSES					
Accounting	336,015	336,015	304,775	(31,240)	305,520
Information systems	118,213	118,213	122,528	4,315	104,318
Engineering	239,881	239,881	212,084	(27,797)	153,888
Administration	49,365	49,365	25,264	(24,101)	27,913
Retiree health insurance	-	-	-	-	(199)
Depreciation	59,000	59,000	48,525	48,525	63,129
Total operating expenses	802,474	802,474	713,176	(30,298)	654,569
Operating income (loss)	(13,970)	(13,970)	41,505	(3,525)	(8,328)
NONOPERATING REVENUES (EXPENSES)					
Investment income	-	-	9,153	9,153	2,036
Nonoperating revenues (expenses)	-	-	9,153	9,153	2,036
Change in net assets	(13,970)	(13,970)	50,658	64,628	(6,292)
Beginning net assets	248,232	248,232	248,232	-	254,524
Ending net assets	\$ 234,262	\$ 234,262	\$ 298,890	\$ 64,628	\$ 248,232

City of Alma, Michigan  
Schedule of Revenues, Expenses and Changes in Net Assets  
Budget and Actual  
Buildings and Grounds Maintenance Fund  
For the Year Ended June 30, 2006, with Comparative Totals for June 30, 2005

	June 30, 2006				Year Ended June-05 Actual
	Budgeted Amounts			Budget Variance	
	Original	Final	Actual		Actual
OPERATING REVENUES					
Internal service charges	\$ 501,364	\$ 501,364	\$ 484,519	\$ (16,845)	\$ 531,497
Total operating revenues	501,364	501,364	484,519	(16,845)	531,497
OPERATING EXPENSES					
Buildings and grounds maintenance	531,664	531,664	504,280	(27,384)	518,987
Depreciation	8,000	8,000	12,018	12,018	11,355
Total operating expenses	539,664	539,664	516,298	(15,366)	530,342
Operating income (loss)	(38,300)	(38,300)	(31,779)	(1,479)	1,155
NONOPERATING REVENUES (EXPENSES)					
Investment income	2,500	2,500	2,491	(9)	-
Nonoperating revenues (expenses)	2,500	2,500	2,491	(9)	-
Change in net assets	(35,800)	(35,800)	(29,288)	6,512	1,155
Beginning net assets	6,512	175,171	175,171	-	174,016
Ending net assets	\$ (29,288)	\$ 139,371	\$ 145,883	\$ 6,512	\$ 175,171



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City of Alma  
Schedule of Revenues, Expenses and Changes in Net Assets  
Budget and Actual  
Equipment Pool and Central Garage Fund  
For the Year Ended June 30, 2006, with Comparative Totals for June 30, 2005

	June 30, 2006				Year Ended June-05
	Budgeted Amounts			Budget Variance	Actual
	Original	Final	Actual		
OPERATING REVENUES					
Internal service charges	\$ 449,450	\$ 449,450	\$ 1,070,670	\$ 621,220	\$ 594,936
Charges for service	632,315	632,315	-	(632,315)	573,099
Total operating revenues	<u>1,081,765</u>	<u>1,081,765</u>	<u>1,070,670</u>	<u>(11,095)</u>	<u>1,168,035</u>
OPERATING EXPENSES					
Facility maintenance	38,712	38,712	45,772	7,060	48,021
Public works services	487,297	487,297	493,921	6,624	569,232
Equipment maintenance	346,345	346,345	299,995	(46,350)	345,927
Depreciation	175,000	175,000	204,804	29,804	176,172
Total operating expenses	<u>1,047,354</u>	<u>1,047,354</u>	<u>1,044,492</u>	<u>(2,862)</u>	<u>1,139,352</u>
Operating income (loss)	<u>34,411</u>	<u>34,411</u>	<u>26,178</u>	<u>(8,233)</u>	<u>28,683</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income	15,000	15,000	39,139	24,139	17,623
Other revenue	-	-	21,021	21,021	-
Gain on sale of assets	-	-	4,056	4,056	21,836
Insurance proceeds	-	-	2,047	2,047	-
Nonoperating revenues (expenses)	<u>15,000</u>	<u>15,000</u>	<u>66,263</u>	<u>51,263</u>	<u>39,459</u>
Change in net assets	49,411	49,411	92,441	43,030	68,142
Beginning net assets	1,885,820	1,885,820	1,885,820	-	1,817,678
Ending net assets	<u>\$ 1,935,231</u>	<u>\$ 1,935,231</u>	<u>\$ 1,978,261</u>	<u>\$ 43,030</u>	<u>\$ 1,885,820</u>

## AGENCY FUND

Agency Funds are used to account for assets held by the City as an agency for individuals, private organizations other governments and/or funds.

### GENERAL AGENCY FUND

Monies collected on behalf of the City and other entities are received and disbursed through the General Agency Fund. The Gratiot Community Airport Commission is consolidated in the General Agency Fund. More detailed schedules of activity for the Gratiot Community Airport Commission are included in the footnotes. There is a section for the joint venture included after the combining statements for the City.

City of Alma, Michigan  
Schedule of Changes in Assets and Liabilities  
Agency Fund  
For the Year Ended June 30, 2006

	Balance 6/30/2005	Additions	Deletions	Balance 6/30/2006
<b>ASSETS</b>				
Cash and investments	\$ 259,651	\$ 5,317,034	\$ (5,393,390)	\$ 183,295
Receivables, net	385	3,415	(3,795)	5
Total assets	<u>\$ 260,036</u>	<u>\$ 5,320,449</u>	<u>\$ (5,397,185)</u>	<u>\$ 183,300</u>
<b>LIABILITIES</b>				
Current payables	\$ 5,251	\$ 17,925	\$ (3,172)	\$ 20,004
Due to other governments	254,785	4,795,910	(4,887,399)	163,296
Total liabilities	<u>\$ 260,036</u>	<u>\$ 4,813,835</u>	<u>\$ (4,890,571)</u>	<u>\$ 183,300</u>

## COMPONENT UNITS

### ALMA DOWNTOWN DEVELOPMENT AUTHORITY

The Alma Downtown Development Authority is responsible for the correction and prevention of the deterioration of the central business district, to encourage historic preservation, to authorize the creation and implementation of development plans within the business district and to promote the economic growth of the business district.

### ALMA LOCAL DEVELOPMENT FINANCING AUTHORITY

The Local Development Financing Authority is responsible for providing infrastructure improvements in Alma's industrial district.

### ALMA PUBLIC LIBRARY

The Alma Public Library receives revenues from the state, private donations, and penal fine distributions. The City of Alma, the primary government, also contributes to the Library.

### ALMA HOUSING COMMISSION

The Alma Housing Commission provides low income housing by operating subsidized low-income housing and rent vouchers.

City of Alma, Michigan  
Statement of Net Assets and Governmental Fund Balance Sheet  
Alma Downtown Development Authority Component Unit  
June 30, 2006

	Downtown Development Authority	Adjustments	Statement of Net Assets
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 2,880	-	\$ 2,880
Investments	17,891	-	17,891
Taxes receivable	512	-	512
Receivables, net	373	-	373
Due from other units	133	-	133
Prepaid items	137	-	137
Total current assets	<u>21,926</u>	<u>-</u>	<u>21,926</u>
Noncurrent assets:			
Land	-	8,000	8,000
Buildings and Improvements	-	12,000	12,000
Less accumulated depreciation	-	(50)	(50)
Total noncurrent assets	<u>-</u>	<u>19,950</u>	<u>19,950</u>
Total assets	<u><u>\$ 21,926</u></u>	<u><u>19,950</u></u>	<u><u>41,876</u></u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	898	-	898
Deferred revenue	512	(512)	-
Long-term liabilities:			
Portion of long term liabilities due within one year	-	563	563
Portion of long term liabilities due in more than one year	-	2,057	2,057
Total liabilities	<u>1,410</u>	<u>2,108</u>	<u>3,518</u>
<b>FUND BALANCES</b>			
Unreserved	20,516	(20,908)	-
Total liabilities and fund balances	<u><u>\$ 21,926</u></u>		
<b>NET ASSETS</b>			
Unrestricted		1,150	38,358
Total net assets		<u><u>\$ 1,150</u></u>	<u><u>\$ 38,358</u></u>

City of Alma, Michigan  
Statement of Activities and Statement of Revenues, Expenditures and Changes in Fund Balance  
Alma Downtown Development Authority Component Unit  
For the Year Ended June 30, 2006

	Downtown Development Authority	Adjustments	Statement of Activities
REVENUES			
Taxes	\$ 23,445	\$ 119	\$ 23,564
Intergovernmental	6,000	-	6,000
Investment income	1,165	-	1,165
Other revenue	20,135	-	20,135
Total revenues	<u>50,745</u>	<u>119</u>	<u>50,864</u>
EXPENDITURES/EXPENSES			
Personnel	22,013	5	22,018
Operating and maintenance	758	-	758
Contractual and professional	1,426	-	1,426
Internal service charges	2,831	-	2,831
Communications and utilities	11	-	11
Insurance and equipment rent	424	-	424
Depreciation	-	50	50
Total expenditures/expenses	<u>27,463</u>	<u>55</u>	<u>27,518</u>
Net change in fund balance	23,282	(23,282)	-
Change in net assets	-	23,346	23,346
Beginning fund balance/net assets	(1,356)	16,368	15,012
Ending fund balance/net assets	<u>\$ 21,926</u>	<u>\$ 16,432</u>	<u>\$ 38,358</u>

City of Alma, Michigan  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Alma Downtown Development Authority Component Unit  
For the Year Ended June 30, 2006

	June 30, 2006			
	Budgeted Amounts		Actual	Budget Variance
	Original	Final		
REVENUES				
Taxes	\$ 23,545	\$ 23,545	\$ 23,445	\$ (100)
Intergovernmental	6,000	6,000	6,000	-
Investment income	664	664	1,165	501
Other revenue	-	-	20,135	20,135
Total revenues	30,209	30,209	50,745	20,536
EXPENDITURES				
Personnel	23,178	23,178	22,013	(1,165)
Operating and maintenance	2,000	2,000	758	(1,242)
Contractual and professional	10,200	10,200	1,426	(8,774)
Internal service charges	2,965	2,965	2,831	(134)
Communications and utilities	-	-	11	11
Insurance and equipment rent	578	578	424	(154)
Total expenditures	38,921	38,921	27,463	(11,458)
Change in fund balance	(8,712)	(8,712)	23,282	31,994
Beginning fund balance	(1,356)	(1,356)	(1,356)	-
Ending fund balance	(\$10,068)	(\$10,068)	\$21,926	\$31,994

City of Alma, Michigan  
Statement of Net Assets and Governmental Fund Balance Sheet  
Local Development Financing Authority Component Unit  
June 30, 2006

	30-Jun-06	Adjustments	Statement of Net Assets
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 8,421	\$ -	\$ 8,421
Investments	52,322	-	52,322
Receivables, net	957	-	957
Total assets	<u>61,700</u>	<u>-</u>	<u>61,700</u>
<b>LIABILITIES</b>			
Current liabilities:			
Current payables	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Unreserved	<u>\$ 61,700</u>	(61,700)	-
<b>NET ASSETS</b>			
Unrestricted		61,700	61,700
Total net assets		<u>\$ -</u>	<u>\$ 61,700</u>



City of Alma, Michigan  
Statement of Activities and Statement of Revenue, Expenditures and Changes in Fund Balance - Governmental Fund  
Local Development Financing Authority Component Unit  
For the Year Ended June 30, 2006

	Local Development Finance Authority	Adjustments	Statement of Activities
<b>REVENUE</b>			
Investment income	\$ 2,948	\$ -	\$ 2,948
Total revenues	2,948	-	2,948
<b>EXPENDITURES/EXPENSES</b>			
Current:			
Community development	13,829	-	13,829
Total expenditures/expenses	13,829	-	13,829
Net change in fund balance	(10,881)	-	-
Change in net assets		-	(10,881)
Beginning fund balance/net assets	72,581	-	72,581
Ending fund balance/net assets	\$ 61,700	\$ -	\$ 61,700

City of Alma, Michigan  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Local Development Financing Authority Component Unit  
For the Year Ended June 30, 2006

June 30, 2006				
	Budgeted Amounts		Actual	Budget Variance
	Original	Final		
REVENUES				
Investment income	\$ 7,000	\$ 7,000	\$ 2,948	\$ (4,052)
Total operating revenues	<u>7,000</u>	<u>7,000</u>	<u>2,948</u>	<u>(4,052)</u>
EXPENDITURES				
Community development	-	13,900	13,829	(71)
Total expenses	<u>-</u>	<u>13,900</u>	<u>13,829</u>	<u>(71)</u>
Change in net assets	7,000	(6,900)	(10,881)	(3,981)
Beginning net assets	72,581	72,581	72,581	-
Ending net assets	<u>\$ 79,581</u>	<u>\$ 65,681</u>	<u>\$ 61,700</u>	<u>\$ (3,981)</u>

City of Alma, Michigan  
Statement of Net Assets  
Alma Public Library Component Unit  
June 30, 2006

	30-Jun-06
<b>ASSETS</b>	
Current Assets:	
Cash and cash equivalents	\$ 3,095,202
Investments	287,406
Receivables, net	3,503
Due from other units	164,057
Inventories	2,710
Prepaid items	630
Restricted cash	29,526
Total current assets	<u>3,583,034</u>
Noncurrent assets:	
Restricted cash	-
Land	25,000
Construction in progress	689,585
Land Improvements	6,221
Buildings and Improvements	417,336
Equipment	180,894
Books	911,803
Less accumulated depreciation	(993,020)
Total noncurrent assets	<u>1,237,819</u>
Total assets	<u>4,820,853</u>
<b>LIABILITIES</b>	
Current liabilities:	
Current payables and accrued expenses	263,109
Portion of long term liabilities due within one year	137,625
Total current liabilities	<u>400,734</u>
Noncurrent liabilities:	
Compensated absences	19,531
Bonds payable, net of unamortized discount	3,218,500
Total noncurrent liabilities	<u>3,238,031</u>
Total liabilities	<u>3,638,765</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	1,067,994
Unrestricted	114,094
Total net assets	<u>\$ 1,182,088</u>

City of Alma, Michigan  
Statement of Revenues, Expenses and Changes in Net Assets  
Budget and Actual  
Alma Public Library Component Unit  
For the Year Ended June 30, 2006

	June 30, 2006			
	Budgeted Amounts		Actual	Budget Variance
	Original	Final		
<b>OPERATING REVENUES</b>				
Charges for services	\$ 11,814	\$ 11,814	\$ 8,918	\$ (2,896)
Fines and forfeits	1,600	1,600	1,186	(414)
Other revenue	3,150	3,150	70,133	66,983
Total operating revenues	16,564	16,564	80,237	63,673
<b>OPERATING EXPENSES</b>				
Facility maintenance	29,812	29,812	30,391	579
Library services	460,932	460,932	445,054	(15,878)
Depreciation	-	50,280	56,414	6,134
Total operating expenses	490,744	541,024	531,859	(9,165)
Operating income (loss)	(474,180)	(524,460)	(451,622)	72,838
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Taxes	291,204	291,204	290,919	(285)
Intergovernmental	474,030	474,030	434,122	(39,908)
Investment income	150	150	144,243	144,093
Interest expense and fiscal charges	(136,820)	(136,820)	(144,826)	(8,006)
Nonoperating revenues (expenses)	628,564	628,564	724,458	95,894
Change in net assets	154,384	104,104	272,836	168,732
Beginning net assets, as restated	909,252	909,252	909,252	-
Ending net assets	\$ 1,063,636	\$ 1,013,356	\$ 1,182,088	\$ 168,732

City of Alma, Michigan  
**Statement of Cash Flows**  
Alma Public Library Component Unit  
For the Year Ended June 30, 2006

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from customers	\$ 80,237
Payments to vendors	(139,455)
Payments to employees	(247,174)
Internal services-payments to other funds	(81,374)
Other payments	(4,062)
Net cash used from operating activities	<u>(391,828)</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Taxes	290,919
Subsidies from other governments	444,346
Net cash provided from noncapital financing activities	<u>735,265</u>

**CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES**

Acquisitions of capital assets	(287,259)
Principal paid on capital debt	(125,000)
Interest paid on capital debt	(143,556)
Net cash used from capital financing activities	<u>(555,815)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Investment income	141,427
Purchase of investments	(76,374)
Net cash provided from investing activities	<u>65,053</u>

Net increase (decrease) in cash	(147,325)
Beginning cash balance	3,242,527
Ending cash balance	<u>\$ 3,095,202</u>

**Reconciliation of operating income to net cash provided by operating activities**

Operating income (loss)	(451,622)
Depreciation expense	56,414
Change in assets and liabilities:	
Decrease in prepaid expenses	3,989
Decrease in accounts and wages payable	(609)
Net cash provided by operating activities	<u>\$ (391,828)</u>

## JOINT VENTURE

### GRATIOT COMMUNITY AIRPORT

The Gratiot Community Airport is a joint venture between the City of Alma and Gratiot County. The City maintains the accounting records for the joint venture.

City of Alma, Michigan  
**Comparative Statement of Net Assets**  
 Gratiot Community Airport  
 June 30, 2006 with Comparative Totals for June 30, 2005

	30-Jun-06	30-Jun-05
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 18,228	\$ 11,427
Investments	113,254	101,034
Receivables, net	27,173	29,926
Due from other units	28,028	28,028
Prepaid expenses	3,994	2,387
Total current assets	<u>190,677</u>	<u>172,802</u>
Noncurrent assets:		
Land	208,000	208,000
Construction in Progress	-	6,887
Land Improvements	477,301	80,707
Buildings and Improvements	557,498	557,498
Equipment	40,976	40,976
Less accumulated depreciation	(436,657)	(398,924)
Total noncurrent assets	<u>847,118</u>	<u>495,144</u>
Total assets	<u>1,037,795</u>	<u>667,946</u>
<b>LIABILITIES</b>		
Current liabilities:		
Current payables	6,818	5,772
Accrued wages and vacation	167	58
Total liabilities	<u>6,985</u>	<u>5,830</u>
<b>NET ASSETS</b>		
Invested in capital assets	847,118	495,144
Unrestricted	183,692	166,972
Total net assets	<u>\$ 1,030,810</u>	<u>\$ 662,116</u>

City of Alma  
Schedule of Revenues, Expenses and Changes in Net Assets  
Budget and Actual  
Gratiot Community Airport  
For the Year Ended June 30, 2006, with Comparative Totals for June 30, 2005

	June 30, 2006				Year Ended June-05 Actual
	Budgeted Amounts		Actual	Budget Variance	
	Original	Final			
<b>OPERATING REVENUES</b>					
Licenses and permits	\$ 200	\$ 200	\$ 300	\$ 100	\$ 100
Charges for services	50,000	50,000	53,031	3,031	49,792
Other revenue	4,500	4,500	6,382	1,882	4,761
Total operating revenues	<u>54,700</u>	<u>54,700</u>	<u>59,713</u>	<u>5,013</u>	<u>54,653</u>
<b>OPERATING EXPENSES</b>					
Facility maintenance	28,581	28,581	7,268	(21,313)	7,861
Winter maintenance	20,720	20,720	21,684	964	19,735
Airport operations	92,321	92,321	70,945	(21,376)	79,264
Depreciation	-	-	37,733	37,733	22,412
Total operating expenses	<u>141,622</u>	<u>141,622</u>	<u>137,630</u>	<u>(3,992)</u>	<u>129,272</u>
Operating income (loss)	(86,922)	(86,922)	(77,917)	9,005	(74,619)
<b>NONOPERATING REVENUES</b>					
Intergovernmental	95,200	95,200	52,650	(42,550)	113,237
Investment income	2,561	2,561	5,512	2,951	2,197
Nonoperating revenues	<u>97,761</u>	<u>97,761</u>	<u>58,162</u>	<u>(39,599)</u>	<u>115,434</u>
Change in net assets before capital contribution	10,839	10,839	(19,755)	(30,594)	40,815
Capital contribution	<u>773,300</u>	<u>773,300</u>	<u>388,449</u>	<u>(384,851)</u>	<u>-</u>
Beginning net assets, as restated	<u>662,116</u>	<u>662,116</u>	<u>662,116</u>	<u>-</u>	<u>621,301</u>
Ending net assets	<u>\$ 1,446,255</u>	<u>\$ 1,446,255</u>	<u>\$ 1,030,810</u>	<u>\$ (415,445)</u>	<u>\$ 662,116</u>



## SCHEDULE OF INDEBTEDNESS

City of Alma, Michigan  
Schedule of Bond and Note Indebtedness  
June 30, 2006

	Interest Rate	Date of Maturity	Outstanding as of June 30,	
			2006	2005
<b>Enterprise Funds</b>				
Water Utility Fund	5.00%	May 1, 2006	-	60,000
1995 Water Revenue Bonds	5.10%	May 1, 2007	60,000	60,000
Issued: December 12, 1995	5.20%	May 1, 2008	65,000	65,000
Original issue: \$750,000; The Statement of Net	5.30%	May 1, 2009	70,000	70,000
Assets includes \$3,055 of unamortized discount.	5.40%	May 1, 2010	75,000	75,000
Total 1995 Water Revenue Bonds			\$ 270,000	\$ 330,000
Wastewater Utility Fund	3.75%	May 1, 2006	-	70,000
2005 Capital Improvement Limited Tax	3.75%	May 1, 2007	70,000	70,000
General Obligation Bonds	3.75%	May 1, 2008	75,000	75,000
Issued: June 1, 2005	3.75%	May 1, 2009	75,000	75,000
Original issue: \$2,000,000; The Statement of Net	3.75%	May 1, 2010	80,000	80,000
Assets includes \$20,539 of unamortized discount.	3.75%	May 1, 2011	80,000	80,000
	3.75%	May 1, 2012	85,000	85,000
	3.80%	May 1, 2013	85,000	85,000
	3.80%	May 1, 2014	90,000	90,000
	3.80%	May 1, 2015	95,000	95,000
	3.80%	May 1, 2016	100,000	100,000
	3.85%	May 1, 2017	105,000	105,000
	3.90%	May 1, 2018	105,000	105,000
	3.95%	May 1, 2019	110,000	110,000
	4.00%	May 1, 2020	115,000	115,000
	4.10%	May 1, 2021	120,000	120,000
	4.15%	May 1, 2022	125,000	125,000
	4.20%	May 1, 2023	130,000	130,000
	4.25%	May 1, 2024	140,000	140,000
	4.30%	May 1, 2025	145,000	145,000
Total 2005 Wastewater General Obligation Bonds			\$ 1,930,000	\$ 2,000,000
Water Utility Fund	3.625%	May 1, 2007	80,000	-
2005 Capital Improvement Limited Tax	3.750%	May 1, 2008	85,000	-
General Obligation Bonds	3.875%	May 1, 2009	90,000	-
Issued: December 29, 2005	4.000%	May 1, 2010	90,000	-
Original issue: \$2,500,000; The Statement of Net	4.000%	May 1, 2011	95,000	-
Assets includes \$29,687 of unamortized discount.	4.000%	May 1, 2012	100,000	-
	4.000%	May 1, 2013	105,000	-
	4.000%	May 1, 2014	110,000	-
	4.000%	May 1, 2015	115,000	-
	4.000%	May 1, 2016	115,000	-
	4.000%	May 1, 2017	125,000	-
	4.000%	May 1, 2018	130,000	-
	4.000%	May 1, 2019	135,000	-
	4.000%	May 1, 2020	140,000	-
	4.000%	May 1, 2021	145,000	-
	4.000%	May 1, 2022	155,000	-

4.150%	May 1, 2023	160,000	-
4.150%	May 1, 2024	170,000	-
4.250%	May 1, 2025	175,000	-
4.250%	May 1, 2026	180,000	-
		\$ 2,500,000	\$ -

Total Enterprise Funds

\$ 4,700,000 \$ 2,330,000

Governmental Funds and Component Unit  
2000 General Obligation Street Improvement  
Bonds - Warwick Drive and Heather Lane  
Issued: February 1, 2000  
Original Issue: \$615,000

Total 2000 GO Street Improvement Bonds

Interest Rate	Date of Maturity	Outstanding as of June 30,	
		2006	2005
5.10%	May 1, 2006	-	70,000
5.20%	May 1, 2007	75,000	75,000
5.30%	May 1, 2008	80,000	80,000
5.40%	May 1, 2009	85,000	85,000
		\$ 240,000	\$ 310,000

2000 Special Assessment Street  
Improvement Bonds - Warwick Drive and  
Heather Lane  
Issued: February 1, 2000  
Original Issue: \$675,000

Total 2000 Special Assessment Street Bonds

Interest Rate	Date of Maturity	Outstanding as of June 30,	
		2006	2005
5.10%	May 1, 2006	-	75,000
5.20%	May 1, 2007	75,000	75,000
5.30%	May 1, 2008	75,000	75,000
5.40%	May 1, 2009	75,000	75,000
		\$ 225,000	\$ 300,000

2000 Installment Purchase Contract  
Right away Heather Lane  
Issued: November 9, 1999  
Original Issue: \$375,000

Total 2000 Installment Purchase Contract

		Outstanding as of June 30,	
		2006	2005
5.10%	May 1, 2006	-	40,000
5.20%	May 1, 2007	45,000	45,000
5.30%	May 1, 2008	45,000	45,000
5.40%	May 1, 2009	45,000	45,000
4.9273%	Annually	\$ 135,000	\$ 175,000

2005 General Obligation Unlimited Tax Bond  
Library Expansion  
Issued: June 1, 2005  
Original Issue: \$3,500,000; The Statement of Net  
Assets includes \$33,250 in unamortized discount.

		Outstanding as of June 30,	
		2006	2005
4.00%	June 1, 2006	-	125,000
4.00%	June 1, 2007	125,000	125,000
4.00%	June 1, 2008	130,000	130,000
4.00%	June 1, 2009	135,000	135,000
4.00%	June 1, 2010	140,000	140,000
4.00%	June 1, 2011	140,000	140,000
4.00%	June 1, 2012	145,000	145,000
4.00%	June 1, 2013	155,000	155,000
4.00%	June 1, 2014	160,000	160,000
4.00%	June 1, 2015	165,000	165,000
4.00%	June 1, 2016	170,000	170,000
4.00%	June 1, 2017	180,000	180,000
4.00%	June 1, 2018	185,000	185,000
4.05%	June 1, 2019	195,000	195,000
4.10%	June 1, 2020	200,000	200,000

4.15%	June 1, 2021	210,000	210,000
4.20%	June 1, 2022	220,000	220,000
4.25%	June 1, 2023	230,000	230,000
4.30%	June 1, 2024	240,000	240,000
4.35%	June 1, 2025	250,000	250,000
		\$ 3,375,000	\$ 3,500,000

Total 2005 General Obligation Bond

Total Governmental Funds and Component Unit

\$ 3,975,000 \$ 4,285,000

Total Long-Term Bond and Note  
Debt- All Funds

\$ 8,675,000 \$ 6,615,000

## STATISTICAL SECTION

## Statistical Section

This part of the City of Alma's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b>	<b>140</b>
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	<b>145</b>
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property taxes.	
<b>Debt Capacity</b>	<b>151</b>
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
<b>Demographic and Economic Information</b>	<b>156</b>
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	
<b>Operating Information</b>	<b>158</b>
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City of Alma implemented Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

Table 1

City of Alma, Michigan  
Changes in Net Assets  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Expenses</b>										
Governmental activities:										
Community Development	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 385,761	\$ 442,589	\$ 909,686	\$ 507,454	\$ 458,567
Community Safety	-	-	-	-	-	1,505,290	1,530,039	1,726,504	1,845,335	1,861,105
Property Maintenance	-	-	-	-	-	646,606	684,717	426,074	424,979	400,452
Transportation	-	-	-	-	-	1,120,951	1,162,323	1,244,766	1,352,456	1,155,820
Recreation & Culture	-	-	-	-	-	292,841	321,612	626,498	587,678	620,657
Legislative	-	-	-	-	-	82,698	85,138	90,390	109,743	101,578
Administrative Services	-	-	-	-	-	297,502	373,400	354,837	321,924	327,708
Interest on Long Term Debt	-	-	-	-	-	91,629	74,196	62,712	57,705	36,148
Total governmental activities expenses	-	-	-	-	-	4,422,978	4,654,014	5,441,467	5,207,272	4,962,035
Business-type expenses										
State Street Plaza	-	-	-	-	-	48,610	49,709	53,085	52,973	50,960
Transit Services	-	-	-	-	-	558,150	572,431	594,037	615,085	595,833
Sewer	-	-	-	-	-	802,637	985,976	856,111	861,200	969,814
Water	-	-	-	-	-	877,973	969,976	993,336	940,382	1,077,069
Refuse Collection	-	-	-	-	-	409,316	451,554	503,053	437,976	509,578
Total business-type activities expenses	-	-	-	-	-	2,696,686	3,039,646	2,999,622	2,907,616	3,203,254
Total primary government expenses	-	-	-	-	-	7,119,664	7,693,660	8,441,089	8,114,888	8,165,289
<b>Program Revenues</b>										
Governmental activities: Revenues										
Charges for services	-	-	-	-	-	50,927	111,477	171,465	54,482	279,453
Community Development	-	-	-	-	-	203,837	235,081	251,699	250,073	339,238
Community Safety	-	-	-	-	-	56,162	59,095	75,865	57,960	84,252
Property Maintenance	-	-	-	-	-	123,903	92,772	174,213	117,924	383,166
Transportation	-	-	-	-	-	42,847	109,843	36,631	30,979	295,615
Recreation & Culture	-	-	-	-	-	191	386	50	3,085	3,055
Legislative	-	-	-	-	-	3,356	4,184	1,213	623	1,561
Administrative Services	-	-	-	-	-	67,548	-	89,089	86,506	-
Interest	-	-	-	-	-	895,611	602,463	846,929	1,323,158	1,166,878
Operating grants & contributions	-	-	-	-	-	61,875	82,946	167,244	19,400	-
Capital grants & contributions	-	-	-	-	-	1,506,257	1,298,247	1,814,398	1,944,190	2,533,218
Total governmental activities program revenues	-	-	-	-	-	-	-	-	-	-

continued	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Business-type activities: Revenues</b>										
Charges for services	-	-	-	-	-	79,047	63,288	41,081	39,542	43,858
State Street Plaza	-	-	-	-	-	73,297	66,307	66,534	64,676	77,730
Transit Services	-	-	-	-	-	722,286	674,937	708,893	685,968	930,414
Sewer	-	-	-	-	-	1,000,575	1,063,648	1,103,670	1,034,110	1,211,936
Water	-	-	-	-	-	471,797	478,024	473,052	464,606	469,948
Refuse Collection	-	-	-	-	-	315,364	288,891	298,338	439,058	260,247
Operating grants & contributions	-	-	-	-	-	154,399	308,397	44,965	-	125,521
Capital grants & contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,816,765	\$ 2,943,492	\$ 2,736,533	\$ 2,727,960	\$ 3,119,654
Total primary government program revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,323,022	\$ 4,241,739	\$ 4,550,931	\$ 4,672,150	\$ 5,652,872
Net (expenses)/revenue	-	-	-	-	-	(2,916,721)	(3,355,767)	(3,627,069)	(3,263,082)	(2,428,817)
Governmental activities	-	-	-	-	-	120,079	(96,154)	(263,089)	(179,656)	(63,600)
Business-type activities:	-	-	-	-	-	(2,796,642)	(3,451,921)	(3,890,158)	(3,442,738)	(2,512,417)
Total primary government net expenses	-	-	-	-	-	-	-	-	-	-
<b>General Revenues &amp; Other Changes in Net Assets</b>										
<b>Governmental activities:</b>										
Property taxes	-	-	-	-	-	2,366,169	2,225,123	2,373,574	2,387,317	2,462,946
Intergovernmental	-	-	-	-	-	1,421,775	1,262,367	1,457,643	1,175,817	1,165,766
Investment income	-	-	-	-	-	290,306	240,002	81,896	193,812	276,736
Other Revenue	-	-	-	-	-	77,057	56,881	38,270	77,029	192,347
Transfers	-	-	-	-	-	(200,000)	-	-	-	-
Total governmental activities	-	-	-	-	-	\$ 3,945,307	\$ 3,784,373	\$ 3,951,383	\$ 3,833,975	\$ 4,097,795
Business-type activities	-	-	-	-	-	139,160	132,580	139,917	138,634	139,970
Property taxes	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	104,212	96,251	48,752	87,597	182,452
Investment earnings	-	-	-	-	-	-	17,604	6,003	5,167	6,231
Other Revenue	-	-	-	-	-	200,000	-	-	-	-
Transfers	-	-	-	-	-	443,372	246,435	194,672	231,398	328,653
Total business-type activities	-	-	-	-	-	-	-	-	-	-
Change in Net Assets	-	-	-	-	-	1,028,586	428,606	324,314	570,893	1,668,978
Governmental activities	-	-	-	-	-	563,451	150,281	(68,417)	51,742	245,053
Business-type activities	-	-	-	-	-	-	578,887	255,897	622,635	1,914,031
Total primary government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,592,037	\$ 578,887	\$ 255,897	\$ 622,635	\$ 1,914,031



Table 2

City of Alma, Michigan		Fiscal Year									
Net Assets By Component		Last Ten Fiscal Years									
(Accrual Basis of Accounting)		1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Governmental activities</b>											
Invested in capital assets, net of related debt	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,046,873	\$ 12,130,720	\$ 12,213,599	\$ 15,087,008
Restricted		-	-	-	-	-	2,333,471	2,443,447	774,703	1,246,597	890,253
Unrestricted		-	-	-	-	-	5,400,312	5,295,201	7,590,800	7,592,016	6,822,227
<b>Total governmental activities net assets</b>							<b>20,269,617</b>	<b>20,785,521</b>	<b>20,496,223</b>	<b>21,024,202</b>	<b>22,799,488</b>
<b>Business-type activities</b>											
Invested in capital assets, net of related debt		-	-	-	-	-	4,015,781	4,165,397	4,207,492	3,652,609	3,743,565
Restricted		-	-	-	-	-	112,063	109,774	188,426	173,854	-
Unrestricted		-	-	-	-	-	4,474,471	4,467,317	4,299,153	4,899,350	5,187,635
<b>Total business-type activities net assets</b>							<b>8,602,315</b>	<b>8,742,488</b>	<b>8,674,071</b>	<b>8,725,813</b>	<b>8,931,200</b>
<b>Primary Government</b>											
Invested in capital assets, net of related debt		-	-	-	-	-	16,551,615	17,212,270	16,338,212	15,866,208	18,030,573
Restricted		-	-	-	-	-	2,445,534	2,553,221	943,129	1,422,441	890,253
Unrestricted		-	-	-	-	-	9,874,783	9,762,518	11,888,953	12,461,366	12,009,962
<b>Total primary government activities net assets</b>	\$	\$ -	\$ -	\$ -	\$ -	\$ -	<b>28,871,932</b>	<b>29,528,009</b>	<b>29,170,294</b>	<b>29,750,015</b>	<b>31,720,688</b>

Table 3

City of Alma, Michigan  
**Fund Balances of Governmental Funds**  
 Last Ten Fiscal Years  
 (Modified Accrual Basis of Accounting)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Fund:										
Reserved	\$ 132,450	\$ 129,684	\$ 128,366	\$ 149,023	\$ 125,001	\$ 16,052	\$ 50,861	\$ 30,998	\$ 63,764	\$ 42,190
Unreserved	1,922,612	2,290,922	2,530,943	2,565,207	3,048,811	3,232,602	3,376,593	3,427,819	2,993,596	3,059,914
Total general fund	2,055,062	2,420,606	2,659,309	2,714,230	3,173,812	3,248,654	3,427,454	3,458,817	3,057,360	3,102,104
All other governmental funds:										
Reserved	119,167	124,301	99,122	109,044	134,998	83,931	87,573	496,457	643,022	586,525
Unreserved, reported in:										
Special revenue funds	752,106	985,758	1,079,641	1,311,600	1,126,812	951,043	1,467,101	1,492,506	1,406,772	1,395,040
Capital projects funds	400,996	228,485	105,895	818,986	415,779	43,006	80,766	361,699	253,731	25,298
Permanent funds	632,618	650,456	647,004	649,404	683,114	707,204	727,545	709,201	727,331	735,340
Total all other governmental funds	\$ 1,904,887	\$ 1,989,000	\$ 1,931,662	\$ 2,889,034	\$ 2,360,703	\$ 1,785,184	\$ 2,362,985	\$ 3,059,863	\$ 3,030,856	\$ 2,742,203

Table 4

City of Alma, Michigan  
Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Revenues</b>										
Taxes	\$ 2,255,689	\$ 2,333,040	\$ 2,433,711	\$ 2,516,279	\$ 2,519,686	\$ 2,487,074	\$ 2,359,704	\$ 2,354,929	\$ 2,382,832	\$ 2,465,874
Licenses & Permits	75,965	50,717	55,026	68,018	77,680	70,825	79,163	77,649	77,492	97,441
Intergovernmental	1,822,271	2,062,318	2,105,346	2,089,341	2,097,884	2,290,637	1,946,776	2,341,068	2,119,848	2,332,644
Charges for Services	265,224	282,946	266,380	252,910	228,185	372,485	434,556	458,987	543,652	607,377
Fines & Forfeitures	26,441	20,545	25,277	22,813	22,576	27,744	33,099	22,394	27,331	22,956
Investment Income	168,677	184,822	194,130	246,577	386,658	281,490	214,961	109,926	212,479	263,114
Other Revenue	625,800	566,278	357,572	250,941	283,421	137,218	158,166	397,093	72,476	718,196
Total Revenues	5,240,047	5,500,666	5,437,442	5,426,879	5,596,090	5,667,473	5,226,425	5,762,046	5,436,110	6,503,604
<b>Expenditures</b>										
Community Development	456,297	796,298	525,064	500,048	560,663	419,221	447,458	877,343	556,511	458,304
Community Safety	1,114,184	1,114,380	1,426,613	1,826,500	1,504,491	1,518,855	1,562,344	1,656,465	1,929,500	1,688,579
Parks & Properties	538,527	598,807	808,959	657,237	628,855	651,522	650,498	356,377	504,858	370,906
Transportation	638,581	517,501	785,741	618,101	636,158	732,719	685,737	701,634	803,550	749,469
Cultural & Community	509,882	448,985	506,474	89,775	36,864	293,191	321,509	539,871	543,721	558,928
Legislative Services	111,539	116,232	120,284	120,491	86,826	82,762	85,601	89,363	125,545	100,338
Administrative Services	287,104	286,185	298,846	308,180	298,798	302,006	376,379	333,338	313,157	326,437
Capital Outlay	607,393	646,937	591,082	1,643,487	1,279,560	1,389,038	428,232	416,959	1,210,613	2,318,931
Debt Service	195,000	204,461	235,116	250,961	474,874	432,615	310,000	175,000	180,000	185,000
Principal	67,673	57,840	47,008	31,623	37,488	41,629	74,196	60,327	49,856	41,094
Interest	4,526,180	4,787,626	5,345,187	6,046,403	5,544,477	5,653,558	4,921,954	5,206,677	6,217,311	6,797,986
Total Expenditures	713,867	713,040	92,255	(619,524)	51,813	(196,085)	304,471	555,369	(781,201)	(292,382)
Excess of Revenues over Expenditures										
Other Financing Sources (Uses)										
Transfers In	644,308	266,630	388,453	502,810	489,922	682,992	408,296	729,003	1,094,359	733,260
Transfers Out	(793,453)	(608,391)	(275,423)	(524,534)	(665,026)	(827,117)	(408,296)	(729,003)	(700,531)	(733,260)
Proceeds from Installment Purchase	-	80,375	-	375,000	-	-	-	-	-	-
Bonds Issued	-	-	-	1,290,000	-	-	-	-	-	-
Total Other Financing	(149,145)	(261,386)	113,030	1,643,276	(175,106)	(144,125)	-	-	393,528	-
Net Change in Fund Balance	\$ 564,722	\$ 451,654	\$ 205,285	\$ 1,023,752	\$ (123,493)	\$ (340,210)	\$ 304,471	\$ 555,369	\$ (387,673)	\$ (292,382)
Debt Service as a Percentage of Noncapital Expenditures	6.70%	6.33%	5.93%	6.42%	12.01%	10.60%	8.55%	4.91%	4.59%	5.05%

Table 5

City of Alma, Michigan  
**General Governmental Revenues By Source**  
 Last Ten Fiscal Years  
 (Modified Accrual Basis of Accounting)

Fiscal Year	Taxes	Licenses and Permits	Intergovernmental	Charges for Services	Fines and Forfeits	Investment Income	Other Revenue	Bond/Note Proceeds	Total Revenues
1997	\$ 2,255,669	\$ 75,965	\$ 1,822,271	\$ 83,481	\$ 208,184	\$ 186,287	\$ 632,275	\$ -	\$ 5,264,132
1998	2,333,040	50,717	2,062,318	81,835	221,656	184,822	566,278	80,375	5,581,041
1999	2,453,945	55,026	2,105,346	75,545	216,112	210,223	357,572	-	5,473,769
2000	2,516,279	68,018	2,069,341	79,488	196,235	246,577	250,941	1,665,000	7,091,879
2001	2,519,686	77,680	2,097,884	228,185	22,576	366,658	283,421	-	5,596,090
2002	2,487,074	70,825	2,290,637	372,485	27,744	281,490	137,218	-	5,667,473
2003	2,359,704	79,163	1,946,776	434,556	33,099	214,961	158,166	-	5,226,425
2004	2,354,929	77,649	2,341,068	458,987	22,394	109,926	397,093	-	5,762,046
2005	2,382,832	77,492	2,513,375	543,652	27,331	212,480	72,476	-	5,829,638
2006	2,465,874	97,441	2,332,644	607,377	22,956	263,114	716,198	-	6,505,604

Table 6

City of Alma, Michigan  
**Governmental Activities Tax Revenues By Source**  
 Last Ten Fiscal Years  
 (Accrual Basis of Accounting)

Fiscal Year	Real Property Taxes	Personal Property Taxes	Voted Property Taxes	Delinquent Personal Property	Tax Reverted Land Sale	Tax on Rented Land	Payment In Lieu of Taxes	Industrial/Commercial Facility Taxes	Tax Penalty & Interest	Administration Fee	Total Taxes
1997	\$ 1,095,988	\$ 534,903	\$ 287,860	\$ 4,163	\$ -	\$ 815	\$ 12,195	\$ 242,769	\$ 16,191	\$ 63,232	\$ 2,258,097
1998	1,125,650	522,651	308,253	1,358	-	811	12,884	283,856	15,308	62,369	2,333,140
1999	1,184,470	560,195	321,147	5,141	-	777	11,193	272,758	13,840	64,189	2,433,711
2000	1,228,061	642,287	317,519	4,657	-	791	13,447	227,026	15,443	67,047	2,516,279
2001	1,294,084	613,073	343,619	237	-	739	26,740	154,688	19,525	66,981	2,519,886
2002	1,316,342	530,959	388,949	3,089	-	760	23,788	142,250	18,043	62,894	2,487,074
2003	1,357,995	427,434	322,616	4,274	80	801	39,423	123,372	21,176	62,533	2,359,704
2004	1,392,681	425,627	264,234	433	10	773	37,469	144,013	27,161	62,528	2,354,929
2005	1,498,025	382,920	284,225	63	(25)	797	15,690	88,820	41,321	70,997	2,382,832
2006	1,547,958	372,469	293,698	4,617	-	819	16,274	119,021	34,140	76,878	2,465,874

Table 7

City of Alma, Michigan  
Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years

Fiscal Year	Assessed Value Residential Property	Assessed Value Commercial Property	Assessed Value Industrial Property	Assessed Value Agricultural Property	Total Assessed Value Real Property	Personal Property Assessed Value Personal Property	Less Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a percentage of Actual Value
1997	\$ 55,972,300	\$ 17,401,100	\$ 10,101,100	\$ 97,800	\$ 83,572,300	\$ 32,210,237	\$ 603,220	\$ 115,179,317	17.6403	\$ 231,565,074	50.00%
1998	61,296,600	18,213,300	10,074,300	102,100	89,686,300	31,720,690	3,625,330	117,781,660	17.6558	242,813,980	50.00%
1999	66,793,400	20,284,400	10,578,300	110,800	97,766,900	33,801,600	7,568,699	123,999,801	17.6558	263,137,000	50.00%
2000	74,746,600	22,538,400	10,649,600	119,600	108,054,200	39,008,800	14,358,605	132,704,395	17.4886	294,126,000	50.00%
2001	79,524,700	23,604,700	9,499,800	122,400	112,751,600	35,918,900	16,800,544	131,869,956	17.5886	297,341,000	50.00%
2002	84,103,800	24,272,700	9,430,900	124,900	117,932,300	34,405,100	17,680,766	134,656,634	17.5886	304,674,800	50.00%
2003	87,143,800	25,106,000	8,618,200	134,500	121,002,500	28,094,200	17,246,941	131,849,759	17.1886	298,193,400	50.00%
2004	92,313,100	26,351,100	9,769,100	141,600	128,574,900	29,419,000	20,833,202	137,160,698	16.5816	315,987,800	50.00%
2005	97,150,400	27,183,400	11,625,900	142,100	136,101,800	24,759,600	21,965,272	138,896,128	16.5816	321,722,800	50.00%
2006	100,469,000	27,917,700	11,248,200	155,400	139,790,300	24,426,900	22,518,221	141,698,979	18.5816	328,434,400	50.00%

Source: City of Alma Assessor

Table 8

City of Alma, Michigan  
Property Tax Rates  
Direct and Overlapping Debt  
Last Ten Fiscal Years

Overlapping Rates

Fiscal Year	City of Alma				Alma Public Schools		Intermediate Schools			State Education		Grand County		County		DDA	
	General	Streets	Debt Service	Capital Projects	Transit	School Operating	Total	Special Education	School District	Total	State Education	County Operating	Senior Citizens	Parks	Total	DDA District	DDA District Total
1997	12.1300	0.8700	1.2600	2.4145	0.9658	17.6403	17.6403	2.3400	0.2730	2.6130	6.0000	5.6993	0.5000	0.0000	6.1993	53.4526	53.4526
1998	12.1300	0.8700	1.1900	2.5000	0.9658	17.6558	17.6558	2.3356	0.2725	2.6081	6.0000	5.6993	0.5000	0.0000	6.1993	53.4632	53.4632
1999	12.2600	0.8700	1.0900	2.5000	0.9658	17.6558	17.6558	2.3135	0.2699	2.5834	6.0000	5.6799	0.5000	0.0000	6.1799	53.4191	53.4191
2000	12.2600	0.8700	0.9000	2.4948	0.9638	17.4886	17.4886	4.1007	0.2684	4.3691	6.0000	5.6475	0.4971	0.0000	6.1446	54.5023	54.5023
2001	12.4300	0.7000	1.0000	2.4948	0.9638	17.5886	17.5886	4.0751	0.2667	4.3418	6.0000	5.6243	0.4950	0.0000	6.1193	54.5497	54.5497
2002	12.4300	0.7000	1.0000	2.4948	0.9638	17.5886	17.5886	4.0662	0.2661	4.3323	6.0000	5.5916	0.4921	0.0000	6.0637	54.4046	54.4046
2003	12.4300	0.7000	0.6000	2.4948	0.9638	17.1886	17.1886	4.0419	0.2645	4.3064	6.0000	5.5882	0.6500	0.0000	6.2382	54.1332	54.1332
2004	12.7800	0.3500	0.0000	2.4912	0.9604	16.5816	16.5816	4.0345	0.2640	4.2985	5.0000	5.5407	0.6444	0.0000	6.1851	52.4632	52.4632
2005	13.1300	0.0000	0.0000	2.4912	0.9604	16.5816	16.5816	4.0345	0.2640	4.2985	6.0000	5.5401	0.6443	0.3500	6.5344	56.4145	56.4145
2006	13.1300	0.0000	2.0000	2.4912	0.9604	18.5816	18.5816	4.0345	0.2640	4.2985	6.0000	5.5401	0.6443	0.3500	6.5344	60.4145	60.4145

Notes:

(1) Table in mills

(2) Source: Tax Warrants issued by City Assessor

City of Alma, Michigan  
Principal Property Taxpayers  
June 30, 2006 Compared with June 30, 1997

Table 9

Taxpayer	Type of Business	2005		Percent of Total Taxable Value (1)	1996		Percent of Total Taxable Value (1)
		Taxable Valuation (1)	Rank		Taxable Valuation (1)	Rank	
Consumers Energy	Utility	\$ 9,654,900	1	5.88%	\$ 9,004,367	3	5.89%
Oxford Automotive	Automotive parts manufacturer	6,249,066	2	3.81%	-	-	0.00%
SPX Corp. Contech Division	Automotive parts manufacturer	4,665,000	3	2.84%	-	-	0.00%
Alma Products Holding	Automotive parts manufacturer	4,223,798	4	2.57%	5,016,700	5	3.28%
Lear Corporation	Plastics manufacturer	3,394,600	5	2.07%	-	-	0.00%
Terry Materials	Asphalt materials	2,645,541	6	1.61%	1,573,200	9	1.03%
Bobenal Investments	Real estate	2,589,541	7	1.58%	2,090,514	7	1.37%
Alma Partners	Real estate	1,551,555	8	0.94%	1,645,356	8	1.08%
Broadmoor Apartments	Real Estate ( Apartments)	985,130	9	0.60%	1,306,509	10	0.85%
Countryside / DeShano	Real Estate ( Apartments)	889,142	10	0.54%	-	-	0.00%
Total Petroleum	Petroleum refinery	-	-	0.00%	23,049,513	1	15.07%
Lobdell Emery	Automotive parts manufacturer	-	-	0.00%	16,216,600	2	10.60%
Consolidated Die Cast	Automotive parts manufacturer	-	-	0.00%	5,173,400	4	3.38%
United Technologies	Plastics manufacturer	-	-	0.00%	4,506,900	6	2.95%
Total Principal Taxpayers		<u>36,848,273</u>		<u>22.44%</u>	<u>69,583,059</u>		<u>45.49%</u>

Notes:

(1) Includes Real, Personal, and Industrial Facilities Assessment

(2) Source: City Assessor



Table 10

City of Alma, Michigan  
Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collections within the Fiscal Year of Levy		Collections in Subsequent years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
1997	\$ 1,981,652	\$ 1,978,360	\$ 1	\$ 3,256	\$ 1,981,616	100.00%
1998	2,030,212	2,027,780	99.88%	2,406	2,030,186	100.00%
1999	2,189,441	2,183,690	99.74%	5,737	2,189,427	100.00%
2000	2,318,954	2,315,474	99.85%	2,248	2,317,722	99.95%
2001	2,387,258	2,383,675	99.85%	2,315	2,385,991	99.95%
2002	2,355,763	2,349,016	99.71%	5,109	2,354,125	99.93%
2003	2,266,209	2,231,569	98.47%	33,090	2,264,659	99.93%
2004	2,274,343	2,245,252	98.72%	28,852	2,274,104	99.99%
2005	2,302,687	2,292,709	99.57%	3,066	2,295,775	99.70%
2006	2,632,994	2,630,368	99.90%	-	2,630,368	99.90%

## Notes:

- (1) Gratiot County pays the City of Alma the full amount of the delinquent real property taxes upon settlement in March of each year.
- (2) The table includes Ad Valorem taxes only. It excludes commercial and industrial facilities taxes as provided under Public Acts 198 and 255.
- (3) Source: City of Alma Finance Department

Table 11

City of Alma, Michigan  
**Ratios of Outstanding Debt By Type**  
 Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Special Assessment Bonds	General Obligation Bonds	Water Revenue Bonds			
1996	\$ 1,340,000	\$ -	\$ -	\$ 750,000	\$ 2,090,000	1.26%	\$ 231.35
1997	1,145,000	-	-	710,000	1,855,000	1.12%	205.34
1998	1,023,032	-	-	670,000	1,693,032	0.96%	187.41
1999	788,450	-	-	630,000	1,418,450	0.80%	157.01
2000	1,542,489	675,000	-	585,000	2,802,489	1.49%	310.22
2001	1,232,615	600,000	-	540,000	2,372,615	1.25%	255.81
2002	925,000	525,000	-	490,000	1,940,000	0.97%	209.16
2003	690,000	450,000	-	440,000	1,580,000	0.78%	170.35
2004	590,000	375,000	-	385,000	1,350,000	0.67%	145.55
2005	310,000	300,000	2,000,000	330,000	2,940,000	1.46%	316.98
2006	240,000	225,000	4,430,000	270,000	5,165,000	2.56%	556.87

Table 12

City of Alma, Michigan  
**Ratios of General Bonded Debt Outstanding**  
 Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Funds	Total	Percentage of Estimated Actual Taxable Value	Per Capita
1997	\$ 1,145,000	\$ 115,438	\$ 1,029,562	0.44%	\$ 113.97
1998	1,023,032	119,397	903,635	0.37%	100.03
1999	788,450	99,122	689,328	0.26%	76.30
2000	1,542,489	92,107	1,450,382	0.49%	160.55
2001	1,232,615	87,786	1,144,829	0.39%	123.43
2002	925,000	80,928	844,072	0.28%	91.01
2003	690,000	20,181	669,819	0.22%	72.22
2004	590,000	21,893	568,107	0.18%	61.25
2005	3,985,000	23,063	3,961,937	1.23%	427.16
2006	8,045,000	312,820	7,732,180	2.35%	833.66

Note: Includes General Obligation Bonds in Component Units

Table 13

City of Alma, Michigan  
Direct and Overlapping Governmental Activities Debt  
June 30, 2006

	Net Tax Dedicated to Debt	Percent Applicable to City of Alma	Amount Applicable to the City of Alma
City of Alma	\$ 5,165,000	100.0%	\$ 5,165,000
Alma Public Schools	27,962,955	52.83%	14,772,829
Gratiot-Isabella Intermediate School District	295,000	7.7%	22,774
Gratiot County	4,598,417	18.2%	835,073
	<u>\$38,021,372</u>		<u>\$20,795,676</u>

## Notes:

(1) Source: Municipal Advisory Council of Michigan

Table 14

City of Alma, Michigan  
Legal Debt Margin Information  
Last Ten Fiscal Years

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Debt Limit	\$ 12,865,862	\$ 13,954,224	\$ 14,632,025	\$ 15,059,483	\$ 15,329,049	\$ 16,537,120	\$ 17,176,160	\$ 17,189,640	\$ 17,202,293	\$ 17,202,290
Total net debt applicable to limit	1,029,562	825,603	630,878	1,062,893	807,214	559,072	419,819	363,107	5,962,890	8,540,000
Legal debt margin	11,836,300	13,128,621	14,001,147	13,996,590	14,521,835	15,978,048	16,756,341	16,826,533	11,239,403	9,180,353
Total net debt applicable to the limit as a percentage of debt limit	8.00%	5.92%	4.31%	7.06%	5.27%	3.38%	2.44%	2.11%	34.66%	49.64%

City of Alma, Michigan  
Computation of Legal Debt Margin  
June 30, 2006  
(Unaudited)

Assessed Value	
Real Property	\$ 139,790,300
Personal Property	24,426,900
Industrial and Commercial Facilities (1)	7,805,700
Total Assessed Value	<u>\$ 172,022,900</u>
Debt Limit	17,202,290
10% of assessed value	8,540,000
Amount of Debt Applicable to Debt Limit	
Total Bonded Debt (2)	
Less:	
Assets available for debt service	
Amount Available in Debt Service Funds	119,148
Less: Amount in Special Assessment Debt Service Funds	<u>(96,085)</u>
Net assets available for debt service	23,063
Special assessment bonds	225,000
Revenue bonds	<u>270,000</u>
Total Deductions	<u>(518,063)</u>
Total amount of debt applicable to debt limit	8,021,937
Legal Debt Margin	<u>\$ 9,180,353</u>

(1) Adjusted to Assessed Value

(2) Includes primary government and component units.

Table 15

City of Alma, Michigan  
**Pledged Revenue Coverage**  
 Last Ten Fiscal Years

Fiscal Year	Water Gross Revenue(1)	Direct Operating Expenses (2)	Net Revenue	Debt Service Requirements			Coverage
				Principal	Interest and Fees	Total	
1997	\$ 1,046,407	\$ 884,284	\$ 162,123	\$ 40,000	\$ 37,218	\$ 77,218	2.10
1998	1,049,339	886,285	163,054	40,000	35,745	75,745	2.15
1999	1,157,048	867,346	289,702	40,000	34,435	74,435	3.89
2000	1,063,335	855,319	208,016	45,000	32,193	77,193	2.69
2001	916,490	724,461	192,029	45,000	30,103	75,103	2.56
2002	1,006,997	702,715	304,282	50,000	28,149	78,149	3.89
2003	1,073,837	790,253	283,584	50,000	25,829	75,829	3.74
2004	1,106,897	801,793	305,104	55,000	22,549	77,549	3.93
2005	1,069,253	750,927	318,326	60,000	18,548	78,548	4.05
2006	1,270,224	823,529	446,695	60,000	14,200	74,200	6.02

## Notes:

(1) Operating revenues plus interest.

(2) Operating expenses exclusive of depreciation.

(3) Source: City of Alma Comprehensive Annual Financial Reports

Table 16

City of Alma, Michigan  
Demographic and Economic Statistics  
Last Ten Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
1997	9,034	\$ 720,584	\$ 17,949	30.5	3,050	6.6%
1998	9,034	746,608	18,615	30.5	3,050	5.5%
1999	9,034	796,952	19,793	30.5	3,050	5.0%
2000	9,275	806,271	19,918	32.5	3,050	4.4%
2001	9,348	853,066	21,181	32.5	2,700	4.5%
2002	9,256	848,312	20,048	32.5	2,700	5.3%
2003	9,341	913,424	21,562	35.6	2,700	5.4%
2004	9,308	921,029	21,776	35.6	2,600	6.6%
2005	9,308	949,263	22,388	35.6	2,601	7.0%
2006	9,275	987,022	23,322	35.6	2,549	8.3%

Note: Income amounts relate to Gratiot County as a whole

Sources: Bureau of Economic Analysis, US Department of Commerce  
Greater Gratiot Development

Table 17

City of Alma, Michigan  
Principal Employers  
June 30, 2006 Compared with June 30, 1996

Taxpayer	Type of Business	2006			1996		
		Number of Employees	Rank	Percent of Total City Employment	Number of Employees	Rank	Percent of Total City Employment
Gratiot Medical Center	Hospital	1,044	1	23.51%	640	1	15.64%
Alma Products/Alma Piston	Motor vehicle parts	425	2	9.57%	535	2	13.07%
Alma Public Schools	Public education	300	3	6.64%	-	-	0.00%
Lear Corp.	Plastics products	295	4	6.55%	-	-	0.00%
Alma College	Educational Institution	291	5	6.15%	225	6	5.50%
Masonic Pathways	Retirement community/Hospital	273	6	3.27%	420	4	10.26%
Consumers Energy	Utility	145	7	3.27%	-	-	0.00%
SPX/Contech	Aluminum castings	143	8	3.22%	160	7	3.91%
Playbuoy Pontoon Mfg.	RV & Pontoon Boats	127	9	2.86%	-	-	0.00%
City of Alma	Local government	83	10	1.87%	125	9	3.05%
Liquid Transport Inc.	Transport of petroleum products	50	11	1.13%	-	-	0.00%
Total Petroleum	Petroleum refinery	-	-	0.00%	475	3	11.61%
Lobdell Emery	Automotive parts manufacturer	-	-	0.00%	400	5	9.78%
Ashcrafts	Groceries	-	-	0.00%	150	8	3.67%
K-Mart	Department Store	-	-	0.00%	103	10	2.52%
Total Principal Employers		<u>\$3,176</u>		<u>68.03%</u>	<u>3,233</u>		<u>79.01%</u>



Table 18

City of Alma, Michigan  
Full-Time Equivalent City Government Employees By Fund  
Last Ten Fiscal Years

	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
<b>General Fund</b>	28.30	28.10	28.09	28.29	25.82	25.99	25.35	24.70	24.42	24.07
<b>Special Revenue Funds</b>										
Major Streets Fund	3.00	2.34	2.96	2.90	2.95	2.73	2.41	0.00	0.00	0.00
Local Streets Fund	2.92	2.88	2.92	2.89	2.55	2.45	2.48	0.00	0.00	0.00
Alma Fire District Fund (See Note 1)	0.73	0.69	0.78	0.73	0.78	0.78	0.78	0.81	0.81	0.82
Downtown Development Authority	0.00	0.00	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Alma Public Library Fund	6.34	6.94	6.35	6.35	5.11	5.42	5.42	5.60	5.48	5.48
Housing Rehabilitation	0.14	0.24	0.33	0.33	0.33	0.33	0.25	0.24	0.24	0.24
Airport Fund	0.16	0.02	0.05	0.50	0.03	0.03	0.03	0.07	0.12	0.09
<b>Enterprise Funds</b>										
Slate Street Plaza	0.01	0.02	0.05	0.40	0.09	0.03	0.02	0.02	0.02	0.02
Transit Services	8.44	9.02	9.57	9.29	9.29	9.87	9.48	9.95	9.71	7.82
Wastewater Fund	8.05	8.95	8.12	7.96	7.44	7.13	6.42	5.32	5.10	5.03
Water Fund	12.84	11.76	11.46	11.33	8.06	8.21	8.22	8.42	8.25	7.19
Solid Waste Fund	3.12	3.93	3.22	3.10	3.21	4.00	3.89	3.17	2.92	0.08
<b>Internal Service Funds (See Note 2)</b>										
Administrative Services	9.41	7.83	8.34	8.25	7.99	8.96	9.31	8.12	8.88	8.96
Buildings and Grounds	2.98	10.96	9.41	10.41	8.43	9.26	10.41	9.42	9.41	9.39
Equipment Pool	8.56	4.64	4.06	4.11	2.62	2.62	3.07	2.86	2.98	3.03
Public Works Services	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8.14	8.56	11.13
<b>Grand Total</b>	<b>95.00</b>	<b>98.32</b>	<b>96.21</b>	<b>97.34</b>	<b>85.20</b>	<b>88.31</b>	<b>88.04</b>	<b>87.34</b>	<b>87.40</b>	<b>83.84</b>

Note 1: The Fire Department is staffed with 24 volunteer/part time firefighters. The City does not track accurate hours worked, therefore their time has not been calculated into the full time equivalent figures.

Note 2: The Internal Service Funds perform work and services for other funds. The costs of these services is charged back to the other funds using various cost allocation plans.

Note 3: Full Time Equivalent: Total staffing hours paid (including overtime, vacation and sick leave) divided by 2080.

Note 4: In FY 1999, a payroll system upgrade changed the capture of FTE's by general ledger number. Management believes that the budget and actual were substantially the same.

Table 19

City of Alma, Michigan  
Operating Indicators By Function  
Last Ten Years

	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
<b>General Fund</b>										
<b>Community Development</b>										
Planning and Zoning										
Special use permits		7	8	9	23	21	21	23	22	22
ZBA Meetings	3	10	8	7	12	6	7	12	10	10
Zoning ordinance appeals	9	17	15	8	21	7	10	18	12	12
Housing rehab and development	12								6	3
PIP loans	12	5	7	8					6	2
Local deferred loans (COBG)	17	17	17	17	1	2		2	6	4
Acquisition/development/resale			2	1	2		2	1	2	8
Downtown rental rehab projects										
Downtown Development Authority	13	11	10	10	9	8	7	7	11	15
Community activities coordinated										
<b>Community Safety</b>										
Police										
Police - arrests	610	676	802	623	590	679	554	630	659	700
Police - traffic citations	3,173	3,645	4,163	4,254	3,292	2,842	2,797	2,499	1,950	2,200
Fire Department										
Fire Dept. - inspections	601	437	391	383	348	400	684	570	501	650
Fire Dept. - alarms	118	151	177	148	176	169	222	185	180	222
Building code enforcement										
Building inspections	564	557	571	631	809	763	752	678	735	780
Building permits	142	187	167	189	149	156	168	146	162	160
Unsafe structures removed or repaired	2	5	5	3	4	5	5	3	5	4
Violation notices	650	685	366	2,803	2,447	2,410	2,902	2,325	2,785	2,800
<b>Property Maintenance</b>										
Cemetery										
Burials	72	74	77	76	71	71	79	72	74	77
Fountains set	51	43	51	46	45	45	52	54	49	47
Municipal building										
Maintenance requests	332	349	57	30	49	57	50	40	47	55
Forestry										
Trees planted	39	40	90	66	111	114	34	29	62	33
Trees trimmed	439	439	318	418	350	400	400	300	378	350
Trees removed	45	195	49	56	33	21	37	39	59	35
State Street Plaza										
Units leased	5	5	5	5	5	5	3	4	4	4
<b>Environmental Services</b>										
Wastewater Fund										
Wastewater treated (million gallons)	700	666	679	754	774	811	654	776	754	800
Water Fund										
Water treated (million gallons)	749	748	863	537	413	430	394	373	403	380
Solid Waste Fund										
Dwelling units served	2,440	2,461	2,467	2,478	2,487	2,499	2,499	2,499	2,499	2,460
Yard waste (cubic yards)	5,381	10,921	7,033	9,707	11,807	11,439	15,076	15,076	15,000	15,000
Leaves collected (cubic yards)	5,101	5,955	4,335	4,835	4,466	5,152	4,896	4,533	4,767	4,800

	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
continued										
Transportation										
Transit Services										
Buses	8	8	8	9	9	9	10	10	10	10
Passengers	66,660	67,190	74,318	78,350	71,576	65,817	65,738	62,624	65,900	58,000
Vehicle miles	90,189	90,605	107,862	114,654	101,787	98,089	104,524	99,225	99,909	90,789
Major Streets										
Miles of major streets	12.52	12.52	13.02	13.02	14.58	14.99	14.56	14.66	15.31	15.37
Salt used (tons)	951	393	326	398	697	689	766	481	645	600
Local Streets										
Miles of local streets	30.44	30.44	30.78	30.78	29.90	30.78	30.90	30.78	30.65	30.90
Salt used (tons)	150	57	71	48	63	50	83	50	59	60
Street Lighting										
Utility owned street lights	483	483	485	484	482	482	482	484	484	494
Community owned street lights	245	215	215	215	226	229	232	234	234	236
Recreation & Cultural										
Parks and recreation										
Number of parks maintained	10	10	10	10	10	10	10	10	10	10
Alma Public Library										
Items circulated	63,607	40,079	108,412	123,699	110,381	116,245	131,646	131,646	141,857	70,000
New material acquisitions	1,968	1,729	2,779	2,500	2,384	2,312	1,526	2,150	2,286	2,000
Legislative Activities										
City Commission										
Number of meetings convened	24	24	25	24	24	24	24	24	24	24
Number of advisory boards	19	20	21	21	21	21	21	21	21	21
Registration & elections										
Registered voters	5,384	5,340	5,161	5,393	5,400	5,400	4,772	5,394	5,242	5,500
Voter registration changes processed	185	200	235	325	1,775	1,775	1,744	1,514	1,702	1,500
Elections conducted	1	2	2	2	1	2	1	2	1	3
City clerk										
Licenses issued	32	35	11	14	11	11	15	15	13	5
Administrative Services										
City treasurer										
Tax bills issued	7,075	7,080	6,417	7,056	7,310	7,310	7,060	7,152	7,208	7,400
Cash receipts processed	43,340	43,500	42,885	40,371	40,425	45,699	45,500	39,352	42,744	42,000
Assessor										
Real property parcels	3,118	3,118	3,128	3,142	3,152	3,160	3,162	3,177	3,243	3,180
Personal property parcels	504	508	511	525	503	510	510	522	527	530
Parcels appealed At board of review	65	66	60	70	85	100	54	60	66	65
Transfer of ownership	173	206	195	250	225	250	225	235	216	235
Internal Service Funds										
Finance & Treasury										
GFOA Budget Presentation Award	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Pending
GFOA Certificate of Achievement for Excellence in Financial Reporting	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Pending
Information Systems										
PC/ Terminals maintained	59	62	64	63	66	76	63	78	78	85
Buildings and Grounds										
Completed work orders	349	300	146	117	128	155	160	199	151	250
Municipal Garage										
Equipment maintained	252	252	237	256	260	246	248	249	249	250
Work orders completed	1,834	1,750	1,800	1,839	1,595	1,093	964	912	990	1,070

Table 20

City of Alma, Michigan  
Capital Asset Statistics By Function  
Last Ten Years

	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
<b>Community Development</b>										
Economic development										
Land										
Downtown maintenance										
Buildings										
Equipment										
Parking lots										
Land		150,075	150,075	150,075	150,075	150,075	150,075	150,075	150,075	150,075
Downtown Development Authority										
Land										
Buildings										
Less accumulated depreciation										
<b>Community Safety</b>										
Police										
Buildings	2,125	4,420	4,420	4,420	4,420	4,420	4,420	4,420	4,420	4,420
Equipment	86,389	83,903	85,111	66,120	81,449	82,407	91,296	87,273	100,834	110,710
Fire										
Buildings		18,950	18,950	18,950	18,950	22,731	22,731	22,730	22,730	22,730
Equipment	132,707	152,572	155,680	116,330	120,729	137,620	175,500	186,789	181,789	181,789
Vehicles	168,131	576,054	584,565	531,065	531,065	542,937	564,329	564,329	564,329	1,051,505
Building code enforcement										
Buildings										
Equipment	3,710	3,710	3,039	2,995	4,867	4,867	4,867	-	5,808	5,808
Street lighting										
<b>Property Maintenance</b>										
Cemetery										
Land	39,767	39,767	39,767	19,421	37,499	37,499	37,499	37,499	37,499	37,499
Land improvements	24,747	24,747	24,747	27,015	27,015	27,015	27,015	27,015	29,765	29,765
Equipment									1,895	1,895
Buildings	60,434	60,434	60,434	68,827	71,088	89,423	89,423	89,423	89,423	89,423
Municipal building & unclassified										
Land	675,479	525,404	518,037	924,930	895,037	895,037	895,037	24,761	24,761	24,761
Land improvements	22,229	29,879	29,878	10,738	18,361	33,051	18,361	18,361	18,361	18,361
Buildings	1,019,583	1,009,623	955,129	938,018	1,031,878	1,073,683	1,311,553	983,876	990,930	1,091,330
Equipment	55,060	33,766	39,290	19,465	31,243	36,070	28,073	19,087	19,087	19,087
Forestry										
Equipment								4,827	4,827	4,827
<b>Transportation</b>										
Streets & Bridges										
Equipment							7,946	7,946	7,946	7,946
Infrastructure						12,785,606	13,211,407	13,617,863	14,843,018	16,524,480
Sidewalks						928,398	966,195	995,913	995,913	995,913
Infrastructure										

continued

	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
<b>Airport</b>										
Land	\$ 208,000	\$ 208,000	\$ 208,000	\$ 208,000	\$ 208,000	\$ 208,000	\$ 208,000	\$ 208,000	\$ 208,000	208,000
Land improvements	34,434	34,434	37,184	37,184	37,184	52,184	52,184	52,184	50,223	477,301
Buildings	414,704	416,351	416,351	414,825	414,825	416,351	471,242	557,489	642,756	557,498
Equipment	42,845	42,845	42,845	39,481	40,975	40,976	40,976	40,976	40,976	40,976
Less: Accumulated Depreciation	-	-	-	-	-	-	(357,531)	(376,512)	(417,905)	(436,657)
<b>Recreation &amp; Cultural</b>										
<b>Parks and recreation</b>										
Land	378,532	476,765	476,765	744,211	755,026	755,026	755,026	755,026	769,026	769,026
Land improvement & parks	846,665	846,665	1,074,076	671,676	671,676	1,029,682	1,069,252	1,069,252	1,074,725	1,074,725
Buildings	193,016	193,016	193,016	205,819	206,035	206,035	206,035	206,035	206,035	48,535
Equipment	7,047	4,122	4,122	126,025	117,159	117,159	135,357	138,322	149,847	149,847
<b>Alma Public Library</b>										
Land	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Land improvement	-	-	-	-	-	6,221	6,221	6,221	6,221	6,221
Buildings	481,017	481,017	487,714	417,336	417,336	417,336	439,558	439,558	439,558	1,106,921
Equipment	123,233	123,233	110,961	180,175	204,830	204,830	204,830	204,830	204,830	180,694
Library Collection	-	-	-	-	-	773,384	810,028	10,028	883,073	911,803
Less: Accumulated Depreciation	-	-	-	-	-	-	-	-	-	(993,020)
<b>Alma Community Center</b>										
Land	-	-	-	-	-	-	-	-	-	10,000
Buildings	-	-	-	-	-	-	-	-	-	250,000
<b>Legislative Activities</b>										
City Commission	6,558	6,558	6,558	9,433	9,433	9,433	-	3,105	3,105	3,105
Equipment	-	-	-	-	-	-	-	-	-	-
Registration & elections	-	-	-	-	-	-	-	28,731	29,700	29,700
Equipment	-	-	-	-	-	-	-	-	-	-
<b>City Clerk</b>										
Equipment	35,851	35,851	33,398	34,779	29,886	29,886	29,886	1,155	-	-
<b>Administrative Services</b>										
City manager	17,170	16,965	23,060	7,271	12,164	12,164	12,164	12,164	12,164	12,164
Equipment	-	-	-	-	-	-	-	-	-	-
City Treasurer	5,464	5,464	4,264	3,238	3,238	3,238	3,238	3,238	3,238	3,238
Equipment	-	-	-	-	-	-	-	-	-	-
Assessor	9,368	9,368	5,942	5,522	3,650	9,145	5,495	5,495	5,495	5,495
Equipment	-	-	-	-	-	-	-	-	-	-
Engineering	39,648	39,148	23,183	7,745	7,745	7,745	7,745	7,745	7,745	7,745
Equipment	-	-	-	-	-	-	-	-	-	-
<b>Housing</b>										
Land	-	-	-	-	-	-	-	-	-	990,688
Buildings & Equipment	-	-	-	-	-	-	-	-	-	5,683,545
Equipment	-	-	-	-	-	-	-	-	-	414,786
Less: Accumulated Depreciation	-	-	-	-	-	-	-	-	-	(3,720,539)
<b>Proprietary Funds</b>										
State Street Plaza	62,300	62,300	62,300	62,300	62,300	62,300	62,300	62,300	62,300	62,300
Land	107,002	107,002	107,002	120,292	120,292	120,292	120,292	120,292	120,292	120,292
Parking lots	-	-	-	-	-	-	-	-	-	-

continued	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Buildings & Equipment	688,202	688,202	689,326	688,364	689,354	707,040	707,040	720,267	720,267	743,368
Construction in progress	(312,285)	(338,934)	(386,171)	(394,852)	(424,504)	(454,101)	(483,557)	(513,500)	(540,019)	(566,480)
Less: Accumulated Depreciation										
Transit Services										
Land										
Land Improvement & parks										
Distribution & Collection systems										
Buildings	8,335	8,335	8,335	8,335	8,335	8,335	8,335	8,335	17,205	89,327
Equipment	52,337	56,278	56,278	50,869	57,889	57,889	57,889	622,234	66,843	72,141
Vehicles	330,495	334,063	334,063	348,857	354,216	470,722	597,933	10,919	633,318	523,959
Construction in progress						500	8,118		87,505	176,079
Less: Accumulated Depreciation	(167,984)	(205,047)	(249,507)	(247,643)	(298,089)	(354,511)	(232,079)	(245,632)	(245,033)	(284,553)
Wastewater Fund										
Land	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Land Improvements	17,847	17,846	17,846	17,846	20,265	20,265	20,265	20,265	20,265	20,265
Distribution & Collection systems	1,573,587	1,603,586	1,768,445	1,823,569	1,964,368	1,972,159	1,977,453	1,983,137	2,052,672	2,114,483
Buildings & Equipment	2,257,369	2,257,369	2,257,369	2,195,895	2,231,185	2,502,349	2,525,401	2,252,878	2,252,878	5,149,205
Equipment	224,148	212,910	221,936	239,744	260,577	-	-	-	418,153	424,416
Construction in progress		23,768	2,165	208	-	-	-	-	1,045,820	22,360
Less: Accumulated Depreciation	(2,755,217)	(2,869,934)	(2,995,339)	(3,046,664)	(3,185,015)	(3,321,240)	(3,458,367)	(3,595,152)	(3,739,630)	(3,833,517)
Water Fund										
Land	115,790	115,790	115,790	115,790	115,790	115,790	115,790	115,790	115,790	115,790
Land Improvements	4,045	4,045	4,045	4,045	4,045	4,045	4,045	7,150	7,150	7,150
Distribution & Collection systems	3,263,876	3,431,108	3,742,070	3,908,892	4,199,872	4,545,287	4,615,977	4,851,052	5,023,668	5,189,266
Buildings & Equipment	1,692,879	1,698,284	1,692,879	1,697,006	1,706,606	1,706,606	1,706,606	1,706,606	1,706,606	1,706,606
Equipment	701,895	771,587	753,136	846,855	875,079	905,251	974,046	985,630	1,002,438	1,048,334
Construction in progress		26,285	2,165	3,089	-	-	-	-	70,096	668,888
Less: Accumulated Depreciation	(3,911,017)	(4,030,289)	(4,153,119)	(4,242,425)	(4,386,569)	(4,542,925)	(4,700,387)	(4,869,180)	(5,042,448)	(5,218,594)
Solid Waste Fund										
Land	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Land Improvement & parks	8,370	8,370	8,370	8,370	8,370	8,370	8,370	8,370	8,370	8,370
Buildings & Equipment	-	-	-	6,595	6,595	6,595	6,595	6,595	6,595	6,595
Less: Accumulated Depreciation	(5,161)	(5,999)	(6,835)	(8,112)	(9,469)	(10,129)	(10,788)	(11,448)	(12,107)	(12,767)
Internal Service Funds										
Administrative Services										
Equipment	371,338	418,121	448,366	463,414	513,073	557,167	655,669	689,948	724,536	606,437
Less: Accumulated Depreciation	(228,695)	(273,909)	(322,346)	(356,297)	(410,320)	(459,348)	(496,334)	(563,384)	(619,663)	(542,029)
Buildings and Grounds										
Buildings	-	-	3,803	126,382	126,382	153,688	151,448	147,044	285,748	306,748
Equipment	9,991	-	11,655	13,706	13,706	-	-	11,467	19,142	19,142
Construction in progress	-	14,120	6,055	-	-	-	-	-	-	-
Less: Accumulated Depreciation	(8,104)	(9,336)	(11,201)	(8,957)	(15,760)	(22,695)	(27,003)	(32,755)	(180,609)	(192,627)
Equipment Pool										
Land	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500
Land Improvements	6,394	6,394	6,394	6,394	6,394	6,394	6,394	6,394	6,394	6,394
Buildings & Equipment	303,495	303,495	307,931	313,232	313,232	313,232	313,232	464,915	464,915	1,313,670
Construction in progress	-	-	1,299	2,699	2,699	2,909	-	-	-	-
Vehicles & Equipment	1,816,729	1,935,369	1,917,472	1,826,274	1,805,915	2,057,125	2,174,511	2,208,238	2,299,922	1,716,272
Less: Accumulated Depreciation	(1,292,148)	(1,420,235)	(1,508,701)	(1,486,385)	(1,556,563)	(1,585,470)	(1,668,105)	(1,725,008)	(1,847,808)	(2,044,849)
Grand Total	\$ 10,805,249	\$ 11,439,810	\$ 11,596,178	\$ 11,875,732	\$ 12,133,892	\$ 26,718,660	\$ 27,469,485	\$ 26,069,822	\$ 29,880,746	\$ 38,257,486



**REHMANN ROBSON**

*Certified Public Accountants*

*A member of THE REHMANN GROUP*

*An Independent Member of Baker Tilly International*

**INDEPENDENT AUDITORS' REPORT  
ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENTAL AUDITING STANDARDS**

November 3, 2006

City Council  
City of Alma  
Alma, Michigan

We have audited the financial statements of the *City of Alma, Michigan*, as of and for the year ended June 30, 2006, and have issued our report thereon dated November 3, 2006. We did not audit the financial statements of the City of Alma Housing Commission, which represents 45%, 75% and 74%, respectively, of the assets, net assets and operating revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion insofar as it relates to the amounts included for the City of Alma Housing Commission, is based on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

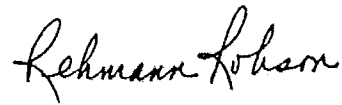
Internal Control Over Financial Reporting

In planning and performing our audit, we considered the *City of Alma's* internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the *City of Alma's* basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Finance Committee, management, and City Council, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script, reading "Lehmann Lohman".





**REHMANN ROBSON**

*Certified Public Accountants*

A member of **THE REHMANN GROUP**

An Independent Member of Baker Tilly International

November 3, 2006

To the City Council  
City of Alma  
Alma, Michigan 48601

In planning and performing our audit of the basic financial statements of the ***City of Alma***, for the year ended June 30, 2006, we considered the City's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of a matter that is an opportunity for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comment and suggestion regarding this matter. This letter does not affect our report dated November 3, 2006, on the financial statements of the ***City of Alma***.

We will review the status of this comment during our next audit engagement. We have already discussed this comment and suggestion with various City personnel, and we will be pleased to discuss it in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendation.

We would like to thank the management and personnel for their support and assistance during our audit of the ***City of Alma***, for the year ended June 30, 2006.

**CITY OF ALMA**  
**COMMENTS AND RECOMMENDATIONS**  
**JUNE 30, 2006**

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**A. Inventory Count**

During our audit we noted that the City's motor pool inventory is maintained on a perpetual basis. However, we also noted that the City did not perform an inventory count at or around the end of the fiscal year.

**Recommendation**

We recommend that as close to the June 30 fiscal year end, a physical inventory count should be performed on the motor pool inventory listing. A physical inventory count is an effective control for ensuring that the inventory balance in the general ledger matches the inventory in the motor pool. After the inventory count is performed, it should be compared to the balance on the general ledger and any significant differences should be investigated and adjustments should be made to the general ledger to properly account for the correct balance.